

130 1964

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

STING STATEMENT No. 2157

LISTED FEBRUARY 18th, 1964

80,000 5½% Cumulative Convertible Redeemable
First Preference Shares, Series A, of \$50
par value each
Ticker abbreviation "FPE PR"
Post section 10

1,096,000 Class A shares without par value of which
896,000 are subject to issuance
Ticker abbreviation "FPE"
Post section 10

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

FPE-PIONEER ELECTRIC LIMITED

Incorporated under the laws of the Province of Manitoba by Letters Patent dated
January 15, 1946

5½% CUMULATIVE CONVERTIBLE FIRST PREFERENCE SHARES, SERIES A
(voting — par value \$50 per share)

200,000 CLASS A SHARES
(voting — no par value)

CAPITALIZATION AS AT MARCH 2, 1964

	AUTHORIZED	ISSUED	OUTSTANDING	TO BE LISTED
LONG TERM DEBT:				
6% mortgage of subsidiary repayable in monthly instal- ments of \$4,650 to October 23, 1965 and \$2,900 on November 23, 1965	—	—	\$ 40,100	—
6½% mortgage of subsidiary repayable in monthly instalments of \$1,750 on November 23, 1965, \$4,650 thereafter to October 23, 1966 and \$2,100 on November 23, 1966	—	—	\$ 55,000	—
5% mortgage of subsidiary maturing May 1, 1965 and repayable in annual pay- ments of \$6,650	—	—	\$ 6,640	—
5½% note due to Federal Pacific Electric Company	\$ 425,000	\$ 425,000	\$425,000	—
CAPITAL STOCK:				
First Preference Shares of the par value of \$50 each ...	\$10,000,000			
5½% Cumulative Convert- ible First Preference Shares, Series A (redeemable)	—	\$ 4,000,000	\$4,000,000	80,000 shares
Class A shares without nominal or par value	3,000,000 shares	200,000 shares	200,000 shares	1,096,000 shares
Class B shares without nominal or par value	1,500,000 shares	556,000 shares	556,000 shares	—

1.

APPLICATION

The Company hereby makes application for listing on The Toronto Stock Exchange of 80,000 5½% Cumulative Convertible First Preference Shares, Series A (voting — par value \$50 per share), and 200,000 Class A shares (voting — no par value), all of which have been issued and are outstanding as fully paid and non-assessable. The Company also makes application for the listing of 896,000 Class A shares authorized for issuance and reserved as follows:

320,000 to satisfy the conversion privilege attaching to the First Preference Shares, Series A, 556,000 to satisfy the conversion privilege attaching to the 556,000 outstanding Class B shares, and 20,000 to satisfy options to certain officers of the Company.

2.

REFERENCE TO PROSPECTUS

Reference is made to page two of the Company's prospectus dated January 22, 1964, under the title "The Company" for a short history of the Company from its inception to the date of application.

3.

NATURE OF BUSINESS AND NUMBER OF EMPLOYEES

Reference is made to page four of the Company's prospectus dated January 22, 1964, under the title "Products and Operations" for a description of the nature of the business including principal products manufactured; to page five under the titles "Markets" and "Distribution" for the method of marketing and distributing the products; to said page four under "Products and Operations" for the number of employees; and to other sections on pages two to six inclusive of the said prospectus which indicate clearly the business of the Company.

4.

PARTICULARS OF INCORPORATION AND CHANGES IN CAPITALIZATION

Reference is made to page ten, paragraph two, and page fourteen, paragraph seven, under the title "Statutory Information" of the Company's prospectus dated January 22, 1964 with particulars of incorporation and changes in capitalization of the Company.

5.

SHARE ISSUES DURING PAST TEN YEARS

The 80,000 First Preference Shares, Series A, and the 200,000 Class A shares of the Company as described in the Company's prospectus dated January 22, 1964, are the only issues of shares of the Company that have been made to the public during the past ten years. Reference is made to paragraphs twelve to sixteen inclusive on pages thirty and thirty-one of the said prospectus under the title "Statutory Information" for particulars as to the amounts realized and the purposes of the issues.

6.

STOCK PROVISIONS AND VOTING POWERS

Reference is made to pages sixteen to thirty-four of the Company's prospectus dated January 22, 1964 for a further description of the First Preference Shares, Series A, and reference is made to pages twenty-four to thirty of the said prospectus for a description of the Class A and Class B shares of the Company.

7.

DIVIDEND RECORD

Reference is made to page thirty-two, paragraph thirty-two, under the title "Statutory Information" of the Company's prospectus dated January 22, 1964 for particulars of dividends paid by the Company during the last ten years. No other dividends have been paid and there are no dividends in arrears.

8.

RECORD OF PROPERTIES

Reference is made to page three of the Company's prospectus dated January 22, 1964, under the title "Properties" for a brief description of the properties and plant of the Company and its subsidiaries.

9.

SUBSIDIARIES AND CONTROLLED COMPANIES

Reference is made to page two of the Company's prospectus dated January 22, 1964, under the titles "History" and "Acquisition of FPE Canada Limited" for particulars as to all subsidiaries or controlled companies.

FPE-Pioneer Electric Limited

\$4,000,000

(80,000 shares)

5½% Cumulative Convertible First Preference Shares, Series A
(voting—par value \$50 per share)

200,000 Class A Shares

(voting—no par value)





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A copy of this prospectus has been filed with the Provincial Secretary of the Province of Manitoba in accordance with the provisions of
The Companies Act of Manitoba.

The Class A shares offered for sale are being purchased from a shareholder of
the Company, and no proceeds of their sale will be received by the Company.

New Issue and Outstanding Shares

FPE-Pioneer Electric Limited

(Incorporated under the laws of Manitoba)

\$4,000,000
(80,000 shares)

5½% Cumulative Convertible First Preference Shares, Series A
(voting—par value \$50 per share)

200,000 Class A Shares
(voting—no par value)

The First Preference Shares, Series A and the Class A shares are offered in units, consisting of two First Preference Shares, Series A and five Class A shares.

The First Preference Shares, Series A, when issued, to be fully paid and non-assessable; to be preferred as to assets and dividends; to be entitled to fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, at the rate of 5½% per annum, accruing from February 4, 1964 and payable in equal amounts quarterly on the fifteenth day of January, April, July and October at par at any branch in Canada of the Company's bankers; to be redeemable as provided on pages 17 and 18 hereof; to carry one vote at all general meetings of shareholders of the Company.

Each First Preference Share, Series A shall be convertible into four fully paid and non-assessable Class A shares at any time up to January 15, 1979.

The holders of Class A shares shall be entitled to non-cumulative preferential cash dividends, as and when declared by the Board of Directors, totalling 56 cents per share in each dividend year and the holders of Class B shares shall be entitled to non-cumulative cash dividends amounting to one-tenth, on a per share basis, of the amount so paid on the Class A shares. After payment of non-cumulative cash dividends, as and when declared, totalling 56 cents per share on Class A shares and Class B shares outstanding in a dividend year, then any and all additional dividends in such year shall be declared on the Class A shares and the Class B shares equally on a share for share basis. Each Class A share carries one vote at all general meetings of shareholders of the Company as does each Class B share.

A full statement of the provisions relating to the First Preference Shares, Series A and to the Class A shares and Class B shares is set out in the Statutory Information of this prospectus.

Transfer Agents and Registrars

First Preference Shares, Series A: Canada Trust Company, Toronto, Montreal, Winnipeg and Vancouver
Class A shares: National Trust Company, Limited, Toronto, Montreal, Winnipeg and Vancouver

In the opinion of our Counsel, the First Preference Shares, Series A will, upon payment on April 15, 1964 of the dividend then due on such shares, be investments in which the Canadian and British Insurance Companies Act, Part III, states that a company registered under it may invest its funds or any portion thereof.

Price: \$150 per Unit

The listing of the First Preference Shares, Series A and of the Class A shares on The Toronto Stock Exchange has been approved subject to the filing of documents and evidence of satisfactory distribution to be furnished within 90 days of such approval.

We, as principals, offer these First Preference Shares, Series A and Class A shares in units subject to prior sale and change in price (and in the case of the First Preference Shares, Series A, if, as and when issued by the Company) and subject to the approval of all legal matters on our behalf by Messrs. Lash, Lash & Pringle, Toronto. All legal matters on behalf of the Company will be subject to the approval of Pitblado, Hoskin & Company, Winnipeg.

We have agreed with the Company and the selling shareholder that we will not accept subscriptions from persons who are known by us not to be residents of Canada.

Subscriptions for units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books without notice. It is expected that interim share certificates for the First Preference Shares, Series A and for the Class A shares, later exchangeable without charge to the holders thereof for definitive share certificates, will be available for delivery in Toronto, Montreal, Winnipeg and Vancouver on or about February 4, 1964.

The following information has been supplied by Mr. Richard Noonan, Vice-Chairman of the Board, and by Mr. B. W. Ball, President, of FPE-Pioneer Electric Limited.

The Company

FPE-Pioneer Electric Limited (formerly named Pioneer Electric Limited and hereinafter sometimes called the "Company") is primarily engaged, directly and through subsidiaries, in the manufacture and sale of equipment and devices for the transmission, distribution and control of electrical energy. It produces a broad range of transformers, low and medium voltage switchgear, including power and moulded case circuit breakers, panel boards, switchboards, fusible equipment and fuses, unit and power substations and bus duct, as well as load control devices, heating equipment and fluorescent lighting fixtures.

Federal Pacific Electric Company, Newark, New Jersey (hereinafter sometimes called "Federal Pacific") owns all of the outstanding capital stock of the Company. Upon completion of the sale of the securities offered by this prospectus, Federal Pacific will have a controlling stock interest in the Company through its ownership of 556,000 Class B shares.

History

The Company was incorporated in 1946 under the laws of Manitoba with Mr. Richard Noonan, the present Vice-Chairman of the Board of the Company, and Mr. Donald E. Mathewson, a present Vice-President of the Company, as two of the principal shareholders. Initially, operations consisted mainly of manufacturing rural transformers and were conducted in St. Boniface but in 1954, following the addition of larger transformers and switchgear to the Company's product lines, operations were moved to a larger plant in Winnipeg, where the head office is now located.

In 1951 Pioneer Electric Alberta Limited was incorporated as a wholly-owned subsidiary to provide transformer manufacturing and servicing facilities in Alberta with its plant being located in Red Deer. In 1954 Pioneer Electric (Sask.) Limited was incorporated as a wholly-owned subsidiary to manufacture transformers in Saskatchewan. The plant for this company is located at Regina. In 1955 the Company bought a controlling interest in C.T. Electrical Controls Limited which owned a plant in Brandon, Manitoba. This company is now named Pioneer Electric Brandon Limited and is a wholly-owned subsidiary. In 1956 the Company acquired all of the outstanding capital stock of Supreme Power Supplies Limited, a well-established transformer manufacturing firm operating in Toronto, Ontario. The name of this company was later changed to Pioneer Electric Eastern Limited. In 1962 this company purchased transformer manufacturing facilities in Granby, Quebec to serve Quebec and the Maritime provinces.

In October 1960 all of the outstanding common stock of the Company was purchased by Federal Pacific.

Acquisition of FPE Canada Limited

Pursuant to an agreement dated January 22, 1964, the Company purchased, as of September 30, 1963, all of the outstanding capital stock of FPE Canada Limited from Federal Pacific for a consideration consisting of (i) \$2,745,600 in 5½% notes repayable on demand, (ii) \$425,000 in 5½% notes repayable, subject to certain conditions, in amounts not to exceed \$42,500 in any one year, and (iii) 296,000 Class B shares of the Company. At the time of the purchase all of the outstanding common stocks of the Company and of FPE Canada Limited were owned by Federal Pacific.

FPE Canada Limited was incorporated in 1950 under the name of Economy Fuse and Manufacturing Co. of Canada (1950) Limited. This company was the successor of a company of a similar name which was incorporated in 1913 and which was the first company to manufacture renewable fuses in Canada. In February 1959 this company became a wholly-owned subsidiary of Federal Pacific when Federal Pacific acquired all the outstanding capital stock of its parent company, Economy Fuse and Manufacturing Company, Chicago, Illinois. In August 1958 Federal Pacific purchased all the outstanding capital stock of Cofed Limited, which had been incorporated in 1946 as Mitchell Manufacturing Company Limited. Its principal business was the manufacture of circuit breakers under a licence agreement with Federal Pacific, the assembly of panel boards and small distribution switchboards and the manufacture of lighting fixtures at its plant in Metropolitan Toronto, Ontario. In October 1958 Federal Pacific purchased Cemco Holdings Limited, a British Columbia corporation. A subsidiary company, Cemco Electrical Manufacturing Company Limited, located in Vancouver, British Columbia, has manufactured since 1928 a variety of electrical products including air circuit breakers, switchboards and unit substations. Cemco Switchgear Limited was incorporated in 1954 as a wholly-owned subsidiary of Cemco Electrical Manufacturing Company Limited to manufacture a similar line of products in Granby, Quebec.

In 1959 all of the operations of FPE Canada Limited, Cofed Limited and of Cemco Holdings Limited and its subsidiary companies were consolidated into FPE Canada Limited and FPE Canada Limited subsequently acquired all the outstanding capital stocks of the various companies. FPE Canada Limited trades under the name of Federal Pacific Electric of Canada.

Properties

Manufacturing operations are carried on in 11 plants owned or leased by the Company and its wholly-owned subsidiaries (hereinafter sometimes called "FPE-Pioneer") having an aggregate floor area of approximately 327,000 square feet. The location and approximate floor area of each plant, whether it is owned or leased, the number of acres of property on which each owned plant is located and the principal products manufactured at each plant are as shown below:

<u>Plants</u>	<u>Owned or leased</u>	<u>Floor area in square feet</u>	<u>Acres of property</u>	<u>Principal products manufactured</u>
Quebec				
Granby	owned	26,000	3½	switchgear
Granby	leased	10,000	—	transformers
Ontario				
Toronto	owned	90,000	5½	low voltage distribution equipment and lighting fixtures
Toronto	owned	40,000	2	transformers and process electric heating equipment
Toronto	leased	10,000	—	switchgear
Manitoba				
Winnipeg	owned	61,000	10	transformers and switchgear
Brandon	owned	20,000	2	residential electric heating equipment, circuit breakers and load control devices
Saskatchewan				
Regina	owned	13,000	5	transformers
Alberta				
Red Deer	owned	17,000	2½	transformers
British Columbia				
Vancouver	owned	30,000	1	switchgear
Vancouver	leased	10,000	—	switchgear

FPE-Pioneer also rents about 40,000 square feet of warehouse space in Toronto, Winnipeg, Calgary and Vancouver.

The Winnipeg plant is being expanded by the addition of about 23,000 square feet of floor area. It is planned to install lifting equipment capable of lifting transformers weighing up to 120 tons, which will enable FPE-Pioneer to undertake the manufacture of larger transformers than its present facilities permit. It is expected that the new facilities, including additional testing equipment, will be completed in the autumn of 1964 at a total cost of about \$300,000.

FPE-Pioneer's Toronto plant in which transformers are manufactured is being sold and FPE-Pioneer proposes to acquire a new plant with an aggregate floor area of 48,800 square feet located on five acres of land in the Western part of Metropolitan Toronto. The new plant is being designed to enable FPE-Pioneer to improve productivity and to reduce costs. The plant is scheduled for completion in March or April 1964 and is expected to cost about \$450,000. When FPE-Pioneer occupies the new plant it will relinquish its leased manufacturing facilities in Toronto.

All of FPE-Pioneer's plants have been well maintained, are in good condition and are fully utilized.

Products and Operations

FPE-Pioneer manufactures a broad range of distribution, power and instrument transformers, including dry, liquid filled and gas filled types. The function of a transformer is to make electric power available at a required voltage for transmission, distribution or consumption. Transformers are used by public and private electric power utilities and industrial concerns in the transmission and distribution of electric power.

Transformers manufactured by FPE-Pioneer range in capacity from small transformers of 3 KVA (kilovolt amperes) to large transformers of 60,000 KVA at ratings from 5,000 up to 230,000 volts. FPE-Pioneer usually obtains orders for transformers by competitive bidding and transformers are, with few exceptions, built only to fill specific orders. FPE-Pioneer believes the best indicator for estimating the market for transformers of the types it manufactures is the annual increase in the consumption of electricity in Canada, regardless of whether the electricity is generated by hydro, thermal or nuclear energy.

FPE-Pioneer manufactures a wide range of switchgear. Switchgear is used in the distribution and control of electricity and is usually installed at the generating plant or near or at the place of consumption.

Switchgear is usually categorized by voltage, namely, low, medium and high and almost all of FPE-Pioneer's switchgear products are in the low and medium voltage categories, including both metal clad and metal enclosed equipment. Low voltage switchgear includes various types and combinations of circuit breakers, fusible switches, bus duct and panel boards and is used, for the most part, in residential, commercial institutional and industrial applications. Medium voltage switchgear, consisting mainly of power circuit breakers, transformers together with associated instrument transformers and protection devices is used by electric power utilities, large industrial concerns and as electrical service entrance equipment in other large buildings such as office buildings, apartments, schools, hotels and hospitals.

FPE-Pioneer believes that it has a wider range of low voltage and medium voltage switchgear than any of its competitors. Low voltage switchgear and medium voltage switchgear are complementary products as both categories are required in the construction of almost all buildings, regardless of type. FPE-Pioneer is usually able to supply the complete electrical distribution requirements of any such construction project.

As FPE-Pioneer supplies switchgear both to the construction trades and to industrial users, cyclical fluctuations in the volume of business are reduced from what they would otherwise be.

While much of the low voltage distribution equipment produced by FPE-Pioneer is manufactured for inventory and for catalogue listing, FPE-Pioneer also produces, to fill specific orders, specially designed equipment for the distribution and control of electric energy for industrial plants, commercial buildings, institutional buildings and for many other purposes.

In order to meet a growing demand, FPE-Pioneer has recently developed a line of baseboard and portable electric heating equipment which it is now actively manufacturing and selling. FPE-Pioneer also manufactures and sells a wide line of associated thermostat and control equipment.

Other products manufactured by FPE-Pioneer include fluorescent lighting fixtures, electrical heating units, load control devices and certain equipment for transmission lines, such as potheads, disconnecting switches, load breaking devices and bus supports and fittings.

FPE-Pioneer purchases its basic raw materials, consisting principally of steel, copper and insulating materials, including transformer oil, from outside sources and uses them in manufacturing its products. FPE-Pioneer fabricates and manufactures substantially all of its products but purchases a limited amount of parts and components from others when advantageous to do so.

As the products of FPE-Pioneer are used to transmit and control electric current, many of its products must conform to the requirements of federal, provincial and local inspection authorities.

FPE-Pioneer currently employs over 925 persons.

Seasonal Fluctuations

Sales of FPE-Pioneer's products are usually heaviest in the period from April to November as there is a tendency on the part of the electric power utilities to complete construction and installations of distribution facilities, to the extent practicable, during the most favourable climatic conditions for construction and in time to service peak winter loads and as the level of residential, commercial and industrial construction usually is higher in this period.

Markets

FPE-Pioneer's products are sold almost entirely in Canada although some export sales are made to the United States, South America, South Africa, Nigeria, India, New Zealand and Australia.

Distribution

FPE-Pioneer's transformer line of products and its medium voltage switchgear are sold, for the most part, directly to electric power utilities and large industrial concerns. Low voltage switchgear, some medium voltage switchgear and other products are sold mainly through leading national and independent local electrical equipment distributors located throughout Canada.

FPE-Pioneer maintains warehousing facilities for its low voltage products in Toronto, Winnipeg, Calgary and Vancouver and operates 13 strategically located sales offices across Canada.

Research and Development

FPE-Pioneer carries out a continuing programme of research and development, particularly in the fields of high voltage transformers, new insulating materials and power circuit breakers. It believes it has advanced further than any of its competitors in the research and development of the use of epoxies for insulation purposes, which has been carried out by FPE-Pioneer personnel using special equipment designed and built in its plants.

Competitive Position

Although the electrical equipment manufacturing industry in Canada is a very competitive industry, FPE-Pioneer has been successful in increasing its percentage of the market in Canada for its major product lines over the last several years.

Products imported from other countries capture only a small percentage of the markets in Canada for products comprising the major product lines of FPE-Pioneer. This is due to the relatively specialized nature of the major product lines of FPE-Pioneer and to the fact that the products of many overseas manufacturers are often not known or not sufficiently proven to the consulting engineers who determine the specifications for any particular electrical equipment installation and are frequently not engineered to meet the requirements of the Canadian Standards Association.

Imports from the United States are minimized by tariff protection which ranges from 12½% to 22½% on the major product lines of FPE-Pioneer and also by the fact that many electrical equipment manufacturers in the United States are already manufacturing in Canada through subsidiaries. FPE-Pioneer believes that if import tariffs imposed by Canada and by the United States were reduced proportionately on the products comprising its major product lines, any disadvantage to FPE-Pioneer caused by imports into the Canadian market of products manufactured in the United States would be more than offset by FPE-Pioneer being able to obtain access to the larger markets available in the United States.

Patents, Licences and Trademarks

Although certain of its products are patented, FPE-Pioneer believes that its business generally would not be materially affected by the expiration of any patents or patent licence agreements. FPE-Pioneer has several well-known trademarks including "Stab-lok", "Cemco", "economy", "econolim", "eco", "econ", "Visioneered", "Loadmiser" and "Litronic". FPE-Pioneer enjoys the use, in Canada, of all patents, licences, trademarks and designs of Federal Pacific.

Royalties

FPE Canada Limited is obligated under the terms of an agreement dated July 1, 1955, as amended, to pay to Federal Pacific royalties of from 2% to 5% on certain products in return for the use in Canada of Federal Pacific's patents, licences, trade names, trade marks, designs and research data. Royalty payments to Federal Pacific in recent years have aggregated about ½ of 1% of all sales of FPE-Pioneer.

Management

The active management of FPE-Pioneer is under the direction of Mr. Richard Noonan, Vice-Chairman of the Board, and of Mr. B. W. Ball, President, of the Company. Mr. Noonan was one of the original founders of the Company in 1946 and became the chief operating officer at that time. He was elected President in 1959. Mr. Ball has been associated in a senior capacity with certain of the present subsidiaries of the Company since

1942. He became President of Cemco Electrical Manufacturing Company Limited in 1950 and of FPE Canada Limited in 1958. Following the acquisition by the Company of all of the outstanding capital stock of FPE Canada Limited, Mr. Noonan and Mr. Ball were elected to their present offices.

Engineering

As the products of FPE-Pioneer all involve engineering services, a competent staff of fully qualified engineers is employed in the design, production and application of FPE Pioneer's products. In total, 42 professional engineers are employed by FPE-Pioneer as well as 63 specialized technicians.

Current Operations

Based on the results of the first three months of the current fiscal year and the outlook for its business generally, FPE-Pioneer believes that the net profit for the current fiscal year ending June 30, 1964 should be at least as favourable as the combined net profit for the fiscal year ended June 30, 1963 as set out in the statement of combined earnings forming part of this prospectus.

Application of Proceeds of Sale of First Preference Shares, Series A

The net proceeds to be received by the Company from the sale of the \$4,000,000 par value of First Preference Shares, Series A will be used by the Company (i) to repay indebtedness in the amount of \$832,793 due to Federal Pacific, (ii) to repay indebtedness in the amount of \$2,745,600 incurred by the Company to Federal Pacific as partial consideration for the purchase of all of the outstanding capital stock of FPE Canada Limited by the Company from Federal Pacific, (iii) to the extent of \$114,500 to redeem or purchase for cancellation the 1,145 currently outstanding 7% first preference shares of the par value of \$100 each of the Company, (iv) to the extent of \$122,400 to reduce current bank indebtedness incurred since September 30, 1963 in purchasing 1,224 7% first preference shares of the par value of \$100 each of the Company, and (v) to the extent of \$24,707 to pay estimated expenses in connection with the issue of the First Preference Shares, Series A.

Capitalization

(As set out in the accompanying pro forma consolidated balance sheet of the Company and its subsidiaries as at September 30, 1963 which gives effect to the present offering and the other adjustments set out therein.)

Long Term Debt:

	<u>Authorized</u>	<u>Issued</u>	<u>Outstanding</u>
6% mortgage of subsidiary repayable in monthly instalments of \$4,650 to October 23, 1965 and \$2,900 on November 23, 1965.....	—	—	\$ 63,350
6½% mortgage of subsidiary repayable in monthly instalments of \$1,750 on November 23, 1965, \$4,650 thereafter to October 23, 1966 and \$2,100 on November 23, 1966.....	—	—	55,000
5% mortgage of subsidiary maturing May 1, 1965 and repayable in annual payments of \$6,640.....	—	—	6,640
5½% note due to Federal Pacific Electric Company..	\$ 425,000	\$ 425,000	425,000

Capital Stock:

First Preference Shares of the par value of \$50 each...	\$10,000,000		
5½% Cumulative Convertible First Preference Shares, Series A (redeemable).....		\$4,000,000	\$4,000,000
Class A shares without nominal or par value.....	3,000,000 shares	200,000 shares	200,000 shares
Class B shares without nominal or par value.....	1,500,000 shares	556,000 shares	556,000 shares

- Notes: (a) The terms of the 5½% note due to Federal Pacific Electric Company contain certain restrictions on the payment of interest and principal as described in paragraph 9 of the Statutory Information of this prospectus.
- (b) At all general meetings of shareholders each First Preference Share will carry one vote and each Class A share and each Class B share will carry one vote.
- (c) 896,000 Class A shares are reserved as follows: 320,000 to satisfy the conversion privilege attaching to the First Preference Shares, Series A, 556,000 to satisfy the conversion privilege attaching to the 556,000 outstanding Class B shares, and 20,000 to satisfy options granted to certain officers of the Company.

Dividend Requirements

Maximum annual dividend requirements of the 80,000 First Preference Shares, Series A will amount to \$220,000.

The annual amount required to pay the 56 cent non-cumulative preferential cash dividend relating to the 200,000 Class A shares to be outstanding upon the completion of the sale of the securities offered by this prospectus, will amount to \$112,000.

The annual amount required to be paid, concurrently with the payment of the 56 cent non-cumulative preferential cash dividend relating to the Class A shares referred to above, in respect of the 556,000 Class B shares to be outstanding upon the completion of the sale of the securities offered by this prospectus, will amount to \$31,136.

Share Provisions

The First Preference Shares, Series A are the first series of shares to be issued of an authorized class of First Preference Shares of the par value of \$50 each. The provisions attaching to such class as a whole, to the First Preference Shares, Series A, to the Class A shares and to the Class B shares, are substantially as set out in the Statutory Information of this prospectus.

First Preference Share, Series A Dividend

The Directors have declared a cash dividend of 53 $\frac{1}{2}$ cents per share on the First Preference Shares, Series A, payable April 15, 1964 to the holders of record on April 1, 1964.

Class A Share and Class B Share Dividends

Pursuant to the provisions relating to the Class A shares and the Class B shares, the Directors have by resolution fixed the dividend year of the Company to be the 12 month period commencing on February 4, 1964 and each successive 12 month period thereafter.

The Directors have declared a cash dividend of 14 cents per share on the Class A shares and a cash dividend of 1.4 cents per share on the Class B shares, payable May 1, 1964 to the holders of record on April 15, 1964.

The Directors have expressed their intention to declare and pay dividends quarterly on the Class A shares of the Company subject from time to time to the factors usually considered at the time of declaration of dividends.



Auditors' Report

To the Directors of

FPE-PIONEER ELECTRIC LIMITED:

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of FPE-Pioneer Electric Limited and subsidiary companies as at September 30, 1963. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet, with the notes thereto, presents fairly the financial position of FPE-Pioneer Electric Limited and subsidiary companies as at September 30, 1963 in accordance with generally accepted accounting principles. We further report that, in our opinion, the accompanying pro forma consolidated balance sheet, with the notes thereto, presents fairly the financial position of FPE-Pioneer Electric Limited and subsidiary companies as at September 30, 1963 after giving effect as at that date to the adjustments set out in the headnotes thereto.

We have also examined the statement of combined earnings of FPE-Pioneer Electric Limited and subsidiary companies for the five years ended June 30, 1959 to 1963 and the three months ended September 30, 1963. With respect to the accounts of the companies for the periods examined by us, our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The accounts of two companies for certain years were examined by other chartered accountants and are included in the statement of combined earnings on the basis of their reports.

In our opinion, the accompanying statement of combined earnings, with the notes thereto, presents fairly the combined earnings of the companies for the five years ended June 30, 1959 to 1963 and the three months ended September 30, 1963 in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Ontario
January 22, 1964.

(Signed) Price Waterhouse & Co.
Chartered Accountants

FPE - Pioneer Electric Limited
and subsidiary companies

Statement of Combined Earnings

for the Five Years ended June 30, 1959 to 1963 and the Three Months ended September 30, 1963

	Three months ended September 30, 1963	Years ended June 30				
		1963	1962	1961	1960	1959
Net sales	\$4,155,670	\$16,832,580	\$14,070,331	\$11,855,719	\$12,862,753	\$11,633,196
Profit before depreciation, interest on mortgages and taxes on income	\$ 513,055	\$ 1,862,705	\$ 1,619,409	\$ 1,377,404	\$ 1,987,178	\$ 1,368,440
Deduct:						
Depreciation.	48,102	197,125	185,469	176,749	171,452	171,300
Interest on mortgages....	2,978	16,460	21,745	26,783	30,488	37,778
	51,080	213,585	207,214	203,532	201,940	209,078
Profit before taxes on income	461,975	1,649,120	1,412,195	1,173,872	1,785,238	1,159,362
Taxes on income.	224,309	748,520	681,367	541,352	903,874	536,290
Net profit	\$ 237,666	\$ 900,600	\$ 730,828	\$ 632,520	\$ 881,364	\$ 623,072

Reference is hereby made to the Notes to the Statement of Combined Earnings appearing on page 12 which are an integral part hereof, and to the Report of the Company's auditors appearing on page 8.

FPE - Pioneer Electric Limited
 (Incorporated under the laws of Manitoba)
 and subsidiary companies

Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet as at September 30, 1963

The pro forma consolidated balance sheet gives effect to the following:

1. The issuance of supplementary letters patent (i) changing the name of the company from Pioneer Electric Limited to FPE-Pioneer Electric Limited, (ii) decreasing the authorized capital by cancelling 3,000 authorized 7% first preference shares of the par value of \$100 each, of which 2,369 have been issued, and cancelling 413,030 authorized 5% non-cumulative redeemable second preference shares of the par value of \$1 each, (iii) increasing the authorized capital by creating 200,000 First Preference Shares of the par value of \$50 each, (iv) designating 80,000 First Preference Shares of the par value of \$50 each as 5½% Cumulative Convertible First Preference Shares, Series A, (v) reclassifying the outstanding 120,000 common shares without nominal or par value into 200,000 Class A shares and 260,000 Class B shares, and (vi) increasing the authorized shares without nominal or par value to 3,000,000 Class A shares and 1,500,000 Class B shares.
2. The issue of 80,000 5½% Cumulative Convertible First Preference Shares, Series A for \$4,000,000 cash and the payment of commission and other expenses incidental thereto in the estimated amount of \$185,000 which has been charged to retained earnings.
3. The settlement of the liability of \$3,270,000 to Federal Pacific Electric Company for the purchase of all the outstanding shares of FPE Canada Limited by (i) payment in cash of \$2,745,600, (ii) the issue of 296,000 Class B shares for a stated value of \$99,400, and (iii) the issue of a note payable to Federal Pacific Electric Company for \$425,000 bearing interest at 5½% and repayable subject to certain conditions, in amounts not to exceed \$42,500 in any one year.
4. The repayment of notes of the company and subsidiaries due to Federal Pacific Electric Company in the total amount of \$832,793.
5. The purchase at par for cancellation of 2,369 7% first preference shares of the par value of \$100 each.

ASSETS	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
Current assets:		
Cash on hand.....	\$ 14,813	\$ 14,520
Accounts receivable—less allowance for doubtful accounts.....	2,968,073	2,968,073
Inventories, at lower of cost or market.....	4,710,681	4,710,681
Prepaid expenses.....	231,607	231,607
Total current assets.....	\$ 7,925,174	\$ 7,924,881
Fixed assets:		
Property, plant and equipment (Note 1).....	\$ 4,029,068	\$ 4,029,068
Less accumulated depreciation.....	1,310,326	1,310,326
Net value of fixed assets after reflecting appraisal of fixed assets of Company and of certain subsidiaries—\$4,419,270. (Note 2)	\$ 2,718,742	\$ 2,718,742
Excess of cost of shares of subsidiaries over net book value.....	\$ 857,507	\$ 857,507
Patents.....	93,557	93,557
Deferred charges.....	103,026	103,026
	\$11,698,006	\$11,697,713

Reference is hereby made to the Notes to the Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet appearing on page 12 which are an integral part hereof, and to the Report of the Company's auditors appearing on page 8.

FPE - Pioneer Electric Limited
(Incorporated under the laws of Manitoba)
and subsidiary companies

Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet as at September 30, 1963

	LIABILITIES	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
Current liabilities:			
Bank indebtedness (partly secured).....	\$ 2,386,161	\$ 2,386,161	
Accounts payable.....	910,514	910,514	
Income taxes payable.....	368,282	368,282	
Other current liabilities and accrued expenses.....	289,598	289,598	
Current portion of long term debt.....	86,400	86,400	
Total current liabilities.....	\$ 4,040,955	\$ 4,040,955	
Due to Federal Pacific Electric Company (including \$3,270,000 incurred on acquisition of shares of FPE Canada Limited).....	4,102,793	—	
Long term debt, less current portion (Note 3).....	124,990	549,990	
	\$ 8,268,738	\$ 4,590,945	
SHAREHOLDERS' EQUITY			
Capital stock: (Note 4)			
First preference shares, \$50 par value—voting			
Authorized—200,000 shares			
Issued — 80,000 5½% Cumulative Convertible, Series A.....	\$ —	\$ 4,000,000	
7% first preference shares, \$100 par value			
Authorized—3,000 shares			
Issued — 2,369 shares.....	236,900	—	
5% second preference shares, \$1 par value			
Authorized—413,030 shares			
Common shares without nominal or par value			
Authorized and Issued—120,000 shares.....	600	—	
Class A and Class B shares without nominal or par value—voting			
Authorized—3,000,000 Class A shares			
1,500,000 Class B shares			
Issued — 200,000 Class A shares }.....	—	100,000	
556,000 Class B shares }			
Retained earnings.....	3,191,768	3,006,768	
Approved on behalf of the Board:	\$ 3,429,268	\$ 7,106,768	

Reference is hereby made to the Notes to the Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet appearing on page 12 which are an integral part hereof, and to the Report of the Company's auditors appearing on page 8.

FPE - Pioneer Electric Limited

Notes to Financial Statements

Notes to Statement of Combined Earnings

1. The attached statement of combined earnings includes the results of operations, for the periods indicated, of FPE-Pioneer Electric Limited and subsidiary companies owned directly or indirectly by it as at September 30, 1963, including FPE Canada Limited and its subsidiaries. The FPE Canada Limited group became subsidiaries as at September 30, 1963.
2. For the years 1962 and 1963 the earnings of all the companies are for their fiscal years ended June 30. During the years 1959 to 1961 the earnings of Pioneer Electric Limited and its then subsidiaries for their fiscal years ended March 31 are combined with the earnings of FPE Canada Limited and its subsidiaries for fiscal years ended June 30.
3. Although the methods of providing annual depreciation in the Pioneer Electric Limited group and in the FPE Canada Limited group were different, they were in accordance with generally accepted accounting principles and resulted in adequate provisions, with the following exception. No depreciation was provided in the accompanying statement of combined earnings on assets totalling \$303,398 which are ineligible for capital cost allowance under income tax regulations. Normal depreciation on this balance would have amounted to \$24,207 per annum.
4. Taxes on income have been decreased as follows, by claiming capital cost allowances in excess of depreciation recorded in the books of account in the five years and period ended September 30, 1963: 1959—\$3,000; 1960—\$31,900; 1961—\$10,400; 1962—\$10,400; 1963—\$15,000; September 30, 1963—\$1,500. On the other hand, taxes on income have been increased by the disallowance of provisions for depreciation made at the rate of \$61,000 per annum on assets which are ineligible for capital cost allowance. This disallowance will continue at approximately the same level for about ten years and will then decline.

Notes to Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet

1. In all cases, except the following, fixed assets are included at cost, less accumulated depreciation: the fixed assets of companies in the FPE Canada Limited group and of another subsidiary company are included at the depreciated values appearing on the companies' books, which reflect independent appraisals made in 1958 and prior. However, the amounts so included represent effective cost to FPE-Pioneer Electric Limited. The excess of the purchase price of the companies' shares over the book value of net tangible assets acquired, namely \$638,360, is included in "Excess of cost of shares of subsidiaries over net book value".
2. The amount of \$4,419,270 reflects an appraisal as at April 30, 1960 by Canadian Appraisal Co. Limited of the fixed assets of Pioneer Electric Limited and its then subsidiaries which was not recognized in the books of account.

3. Long term debt

The particulars of the long term debt are as follows:

6% mortgage of subsidiary repayable in monthly instalments of \$4,650 to October 23, 1965 and \$2,900 on November 23, 1965.....	\$ 63,350
6½% mortgage of subsidiary repayable in monthly instalments of \$1,750 on November 23, 1965, \$4,650 thereafter to October 23, 1966 and \$2,100 on November 23, 1966.....	55,000
5% mortgage of subsidiary maturing May 1, 1965 and repayable in annual payments of \$6,640.....	6,640
Total per consolidated balance sheet.....	\$124,990
5½% note due to Federal Pacific Electric Company.....	425,000
Total per pro forma consolidated balance sheet.....	<u>\$549,990</u>

4. Capital stock

5½% Cumulative Convertible First Preference Shares, Series A

Each First Preference Share, Series A is convertible into four Class A shares up to and including January 15, 1979. The conversion rate is subject to adjustment to protect the conversion privilege against dilution in certain events. The First Preference Shares, Series A are redeemable initially at a premium of 5½%. The redemption premium reduces every three years until January 15, 1973 and after that date becomes 2% and remains unchanged thereafter.

Class B shares

After February 4, 1969, 55,600 Class B shares may be converted during each dividend year into Class A shares on a share for share basis provided certain conditions have been met with respect to earnings and payment of Class A share dividends. After the Class A shares have received dividends aggregating 56 cents per share and the Class B shares have received dividends aggregating 5.6 cents per share in any dividend year, the Class B shares are entitled to receive additional dividends aggregating 50.4 cents per share before any further dividends are paid on the Class A shares. Additional dividends paid in excess of the 56 cents per share on both classes of shares are to be shared equally on a share for share basis.

Class A shares

After giving effect to the transactions described in the pro forma adjustments, Class A shares are reserved as follows: (a) 320,000 shares for the possible conversion of the 5½% Cumulative Convertible First Preference Shares, Series A, (b) 556,000 shares for the possible conversion of the currently outstanding Class B shares, and (c) 20,000 shares to satisfy options granted to certain officers of the company to purchase Class A shares at \$9 per share.

Dividend restrictions

So long as any of the First Preference Shares, Series A are outstanding, the company shall not pay any dividends, other than cumulative preference dividends, unless at the date of authorization of such dividends, the consolidated equity of the company and all its subsidiaries is in excess of \$2,500,000 after giving effect to the payment of such dividends.

5. Subsequent commitments

A subsidiary of the company proposes to sell the property occupied by the transformer plant in Toronto and to purchase a new building in Toronto, at a cost of approximately \$450,000, to be partly financed by a mortgage for about \$320,000 bearing interest at 6¾% per annum and repayable over 25 years. The company's Winnipeg plant is being expanded at an estimated cost of \$300,000.

Statutory Information

1. The full name of the Company is FPE-Pioneer Electric Limited (hereinafter called the "Company") and the address of the head office of the Company is 101 Rockman Street, Winnipeg, Manitoba. The executive offices of the Company are located at 19 Waterman Avenue, Toronto, Ontario.
2. The Company was incorporated under the laws of the Province of Manitoba by letters patent dated January 15, 1946. Supplementary letters patent have been issued to the Company dated February 16, 1953, February 1, 1954, March 21, 1957 and January 2, 1964. The supplementary letters patent dated January 2, 1964 (i) changed the name of the Company from Pioneer Electric Limited to FPE-Pioneer Electric Limited, (ii) decreased the authorized capital by cancelling the 413,030 authorized 5% non-cumulative redeemable second preference shares of the par value of \$1 each, (iii) provided for the cancellation of the 3,000 authorized 7% first preference shares of the par value of \$100 each, (iv) reclassified the outstanding common shares without nominal or par value into Class A shares and Class B shares, (v) increased the authorized shares without nominal or par value to 3,000,000 Class A shares and 1,500,000 Class B shares, (vi) increased the authorized capital by creating 200,000 First Preference Shares of the par value of \$50 each, and (vii) designated 80,000 of the First Preference Shares of the par value of \$50 each as 5½% Cumulative Convertible First Preference Shares, Series A.
3. The general nature of the business actually transacted by the Company, directly and through subsidiaries, is the manufacture and sale of equipment and devices for the transmission, distribution and control of electrical energy.
4. The officers and directors of the Company, and their names in full, present occupations and home addresses are as follows:

Officers

Frank Helmuth Roby.....	Chairman of the Board.....	765 Red Oak Lane, Smoke Rise, Butler, New Jersey
Richard Noonan.....	Vice-Chairman of the Board and Chairman of the Executive Committee..	605 River Avenue, Winnipeg, Manitoba
Benjamin Walker Ball.....	President.....	222 Blythwood Road, Toronto, Ontario
Donald Earl Mathewson.....	Vice-President.....	Lot 96 Cloutier Drive, Fort Garry, Manitoba
William George Amos.....	Vice-President.....	1730 Lincolnshire Boulevard, Port Credit, Ontario
Arthur Gordon Daley.....	Vice-President.....	28 Cedarbank Crescent, Don Mills, Ontario
Frank Halliday Ferris, Jr.....	Vice-President.....	120 Rosedale Valley Road, Toronto, Ontario
Peter Douglas Smith.....	Vice-President.....	49 Ravensbourne Crescent, Islington, Ontario
Edward William Darby.....	Secretary and Treasurer.....	78 Forest Grove Drive, Willowdale, Ontario
Harry Louis Livingstone.....	Comptroller and Assistant Treasurer.....	664 Montrose Street, Winnipeg, Manitoba

Directors	
Benjamin Walker Ball.....	Executive.....222 Blythwood Road, Toronto, Ontario
Thomas Mitchell Cole.....	Executive.....Osborne Road, Harrison, New York
Edward William Darby.....	Executive.....78 Forest Grove Drive, Willowdale, Ontario
James Ross LeMesurier.....	Investment Dealer.....9 Dinnick Crescent, Toronto, Ontario
Donald Earl Mathewson.....	Executive.....Lot 96 Cloutier Drive, Fort Garry, Manitoba
Richard Noonan.....	Executive.....605 River Avenue, Winnipeg, Manitoba
Frank Helmuth Roby.....	Executive.....765 Red Oak Lane, Smoke Rise, Butler, New Jersey

5. The auditors of the Company are Price Waterhouse & Co., 232 Portage Avenue, Winnipeg, Manitoba and 55 Yonge Street, Toronto, Ontario.
6. National Trust Company, Limited at Toronto, Montreal, Winnipeg and Vancouver is the transfer agent and registrar for the Class A shares of the Company.
The Company, at its executive offices, 19 Waterman Avenue, Toronto, Ontario, keeps the register for its Class B shares.
Canada Trust Company at Toronto, Montreal, Winnipeg and Vancouver will be the transfer agent and registrar for the 5½% Cumulative Convertible First Preference Shares, Series A of the Company.
7. The authorized capital of the Company consists of 3,000 7% first preference shares of the par value of \$100 each and 413,030 5% non-cumulative redeemable second preference shares of the par value of \$1 each (which are all to be cancelled prior to or contemporaneously with the issue of the 80,000 5½% Cumulative Convertible First Preference Shares, Series A hereinafter referred to and offered by this prospectus), 200,000 First Preference Shares of the par value of \$50 each, issuable in series (subject to the cancellation of the 7% first preference shares hereinbefore referred to), 3,000,000 Class A shares without nominal or par value and 1,500,000 Class B shares without nominal or par value. 1,145 of the said 7% first preference shares are issued and are now outstanding as fully paid and non-assessable. None of the said First Preference Shares of the par value of \$50 each has been issued. 200,000 of the said Class A shares have been issued and are now outstanding as fully paid and non-assessable. 556,000 of the said Class B shares have been issued and are now outstanding as fully paid and non-assessable. 80,000 of the said First Preference Shares, designated as "5½% Cumulative Convertible First Preference Shares, Series A" (being the first series of the said class of First Preference Shares) are proposed to be issued as referred to in paragraph 16 hereof and such 80,000 5½% Cumulative Convertible First Preference Shares, Series A (hereinafter sometimes called "First Preference Shares, Series A") have been allotted for issue as referred to in such paragraph.

First Preference Shares

(The headings appearing below are inserted for convenience of reference and do not appear in the provisions attaching to such shares.)

Provisions Attaching to First Preference Shares as a Class

8. The 200,000 First Preference Shares of the par value of \$50 each, issuable in series, which class is hereinafter in this paragraph 8 referred to as the "First Preference Shares", as a class have attached thereto preferences, rights, conditions, restrictions, limitations and prohibitions substantially as follows:

Directors' Right to Issue in One or More Series

- (a) The Company may at any time or from time to time issue the First Preference Shares in one or more series, each series to consist of such number of shares, having such designation, such rate

or rates of preferential dividends with such dates of payment thereof, being redeemable at such time or times with or without payment of a premium and on such other terms and conditions, having such sinking or other retirement fund (if any), being subject to such purchase provisions by the Company, having such conversion rights (if any), and, without being limited by the foregoing, having such preferences, rights, conditions, restrictions, limitations or prohibitions attaching thereto as shall be determined by resolution of the directors passed prior to the issue thereof, the whole subject to the following provisions and to the issue of supplementary letters patent setting forth the designation, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the shares of any such series;

Preference as to Dividends and on Liquidation

- (b) The First Preference Shares of each series shall be entitled to preference over the Class A shares and the Class B shares and any other shares of the Company ranking junior to the First Preference Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs; such dividends shall be payable quarterly when and as declared by the board of directors; and may also be given such other preferences over the Class A shares and the Class B shares or any other shares of the Company ranking junior to the First Preference Shares as may be determined with respect to each series;

Parity of Each Series as to Dividends and on Liquidation

- (c) The First Preference Shares of each series shall rank on a parity with the First Preference Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs;

Voting Rights

- (d) The holders of First Preference Shares shall be entitled to one vote in respect of each First Preference Share held by them at all meetings of shareholders of the Company; if the Company shall fail to pay in the aggregate four quarterly dividends on the First Preference Shares of any one series on the dates on which the same should be paid according to the terms thereof whether or not consecutive and whether or not such dividends have been declared and whether or not there are moneys of the Company properly applicable to the payment of dividends, thereafter, in the event of each such failure or default, so long as any dividends on First Preference Shares of any series remain in arrears the holders of the First Preference Shares of all series shall be entitled, without limiting the foregoing, voting separately and exclusively as a class, to elect two out of the total number of directors of the Company until such time as all arrears of dividends on all First Preference Shares shall have been paid, whereupon such rights shall cease until default shall again be made by the Company in payment of dividends on the First Preference Shares of any one series as aforesaid and so on from time to time; nothing herein contained shall be deemed to limit the right of the Company from time to time to increase or decrease the number of its directors; notwithstanding anything contained in the Company's by-laws, the term of office of all persons who may be directors of the Company at any time when the holders of First Preference Shares become entitled to elect directors as herein provided or who may be appointed as directors thereafter and before a meeting of shareholders shall have been held, shall terminate upon the election of directors at the next annual meeting of shareholders or at a general meeting of shareholders which may be held for the purpose of electing directors at any time after the holders of First Preference Shares become entitled to elect directors upon not less than 21 days' written notice and which shall be called by the Secretary or an Assistant Secretary of the Company upon the written request of the holders of at least one-tenth of the outstanding First Preference Shares and, in default of the Secretary or an Assistant Secretary calling such meeting within five days of such request, may be called by any holder of record of First Preference Shares; notwithstanding anything contained in the Company's by-laws, upon any termination of the rights of the holders of First Preference Shares to elect directors as herein provided, the term of office of all persons who may then be directors of the Company and who were

elected by the holders of First Preference Shares, voting separately and exclusively as a class, shall terminate; notwithstanding anything contained in the by-laws of the Company the holding of one First Preference Share shall be sufficient to qualify a person for election by the holders of First Preference Shares as a director of the Company; if a member of the board of directors of the Company elected by the holders of First Preference Shares shall resign or for any other reason cease to be a director between meetings of shareholders, the vacancy may be filled by the board of directors and, if at such time the holders of First Preference Shares shall be entitled to elect directors, the director appointed to fill such vacancy shall be a holder of First Preference Shares; holders of Class A shares and Class B shares shall be entitled to one vote for each Class A share and each Class B share held by them at all meetings of shareholders of the Company;

Amendment with Authorization of Holders of First Preference Shares

- (e) The authorization required by section 69 of The Companies Act to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the First Preference Shares as a class or to create preference shares ranking in priority to or on a parity with the First Preference Shares may be given by at least two-thirds of the votes cast at a meeting of the holders of the First Preference Shares duly called for that purpose; and

Definitions

- (f) In the provisions herein contained attaching to the First Preference Shares as a class, "in priority to", "on a parity with" and "junior to" have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs.

Provisions Attaching to First Preference Shares, Series A

The first series of the said class of First Preference Shares consists of 80,000 shares of the par value of \$50 each which are designated "5½% Cumulative Convertible First Preference Shares, Series A" (hereinafter sometimes referred to as the "First Preference Shares, Series A") and which in addition to the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the First Preference Shares as a class have attached thereto preferences, rights, conditions, restrictions, limitations and prohibitions substantially as follows:

1.00 Dividends

1.01 The holders of the First Preference Shares, Series A shall be entitled to receive and the Company shall pay thereon fixed cumulative preferential cash dividends, when and as declared by the board of directors, out of moneys properly applicable to the payment of dividends, at the rate of 5½% per annum and no more on the par value thereof, the first of such dividends to accrue from February 4, 1964 up to and to be payable on April 15, 1964 and such dividends thereafter to be payable in equal amounts quarterly in respect of each successive 12 month period thereafter on the 15th day of January, April, July and October, by cheque payable at par in lawful money of Canada at any branch in Canada of the Company's bankers, payment in such manner to satisfy such dividends.

1.02 If on any dividend payment date the dividend payable on such date is not paid in full on all the First Preference Shares, Series A then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors on which the Company shall have sufficient moneys properly applicable to the payment of the same. The holders of the First Preference Shares, Series A shall not be entitled to any dividends other than or in excess of the cash dividends hereinbefore provided for.

1.03 No dividend shall be declared or paid or set apart for payment on the Class A shares or the Class B shares or on any other shares of the Company ranking junior to the First Preference Shares, Series A and no moneys shall be set aside nor payments made for any sinking or other retirement fund applicable to any shares of the Company ranking junior to the First Preference Shares, Series A nor shall the Company redeem, purchase or effect the retirement of any shares of the Company ranking junior to the First Preference Shares, Series A so long as any dividends on the First Preference Shares are in arrears.

2.00 Liquidation

2.01 The holders of the First Preference Shares, Series A shall be entitled on the liquidation, dissolution or winding-up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, to receive an amount equal to the amount paid up thereon plus all accrued and unpaid dividends to the date of such distribution in the case of any such liquidation, dissolution, winding-up or other distribution which is involuntary, and to receive an amount equal to the redemption price (provided for in clause 3.01 hereof) current at the date of such liquidation, dissolution, winding-up or other distribution, if the same is voluntary, in all cases before any distribution of assets shall be made to the holders of the Class A shares or the Class B shares or any other shares of the Company ranking junior to the First Preference Shares, Series A.

2.02 After payment to the holders of the First Preference Shares, Series A as aforesaid, such holders shall not have the right to any further participation in any distribution of the assets of the Company.

3.00 Redemption

3.01 Upon giving notice as hereinafter provided, the Company may at any time or times redeem the whole or any part of the First Preference Shares, Series A outstanding from time to time on payment for each such share to be redeemed of an amount equal to the amount paid up thereon plus a premium of 5½% thereof if redeemed on or before January 15, 1967, a premium of 4½% thereof if redeemed thereafter and on or before January 15, 1970, a premium of 3½% thereof if redeemed thereafter and on or before January 15, 1973, and a premium of 2% thereof if redeemed thereafter; in each case together with accrued and unpaid dividends to the date fixed for redemption, the whole constituting the redemption price.

3.02 In the event of any redemption of First Preference Shares, Series A under the provisions of clause 3.01 hereof, the Company shall give at least 30 days' prior notice in writing to each person who at the date of giving such notice is the registered holder of First Preference Shares, Series A to be redeemed of the intention of the Company to redeem such shares; such notice shall be given by posting the same in a postage paid letter addressed to each such holder of First Preference Shares, Series A to be redeemed at the last address of such holder as it appears on the books of the Company or, in the event of the address of such holder not so appearing, then to the address of such holder last known to the Company; provided that accidental failure or omission to give any such notice as aforesaid to one or more of such holders shall not affect the validity of the redemption of the First Preference Shares, Series A to be redeemed; such notice shall set out the redemption price and the date on which the redemption is to take place, and if not all of the First Preference Shares, Series A held by the person to whom such notice is addressed are to be redeemed, the number thereof which are to be redeemed; on or after the date so specified for redemption the Company shall pay or cause to be paid to the holders of such First Preference Shares, Series A to be redeemed the redemption price on presentation and surrender at the head office of the Company, or at any other place or places within Canada designated by such notice, of the certificates representing such First Preference Shares, Series A so called for redemption; such payment shall be made by cheque payable at par at any branch in Canada of the Company's bankers; such First Preference Shares, Series A in respect of which the redemption price has been paid as aforesaid shall thereupon be redeemed; if a part only of the First Preference Shares, Series A represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Company; from and after the date specified for redemption in any such notice, the First Preference Shares, Series A called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be duly made by the Company upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of such holders shall remain unaffected; at any time after notice of redemption is given as aforesaid, the Company shall have the right to deposit the redemption price of the First Preference Shares, Series A called for redemption or of such of the said shares as are represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption with any chartered bank or banks or with any trust company or trust companies in Canada named

in the notice of redemption to the credit of a special account or accounts in trust for the respective holders of such shares, to be paid to them respectively without interest upon presentation and surrender to such bank or banks or trust company or trust companies of the certificates representing the same, and upon such deposit being made or upon the date specified for redemption in such notice whichever is the later, the First Preference Shares, Series A in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively; any interest allowed on any such deposit shall belong to the Company.

4.00 Purchase for Cancellation

4.01 The Company may, in addition to its rights to redeem First Preference Shares, Series A as provided in clause 3.01 hereof, at any time or times purchase (if obtainable) for cancellation the whole or any part of the First Preference Shares, Series A outstanding from time to time, in the open market (including purchase through or from an investment dealer or any firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the First Preference Shares, Series A outstanding at the lowest price or prices at which in the opinion of the directors such shares are obtainable but not exceeding the redemption price at which, at the date of purchase, such shares are redeemable as provided in clause 3.01 hereof plus costs of purchase; in the event that, upon any invitation for tenders made by the Company as herein provided, the Company shall receive two or more tenders of First Preference Shares, Series A at the same price and which shares, when added to any shares already tendered at a lower price or prices, aggregate more than the number for which the Company is prepared to accept tenders, then if any First Preference Shares, Series A so tendered at the same price are purchased by the Company they shall be purchased from each holder tendering at the same price as nearly as may be pro rata, disregarding fractions.

5.00 Conversion Privilege

5.01 The holders of First Preference Shares, Series A shall be entitled to convert each First Preference Share, Series A into four fully paid and non-assessable Class A shares of the Company at any time up to the close of business on January 15, 1979 (unless such First Preference Shares, Series A are previously redeemed or purchased for cancellation). Notwithstanding anything herein contained, the holders of any First Preference Shares, Series A called for redemption shall be entitled to convert such shares as provided in this section 5.00 up to the close of business on the business day immediately preceding the date fixed for such redemption, but not thereafter, unless the Company shall fail to redeem such shares in accordance with the notice of redemption thereof, in which event, the conversion privilege herein provided for shall be restored.

5.02 Each holder of First Preference Shares, Series A to be converted shall surrender to any transfer agent for the Class A shares of the Company the certificate or certificates representing the First Preference Shares, Series A to be converted together with a notice in writing signed by such holder or his agent, which notice shall specify the number of First Preference Shares, Series A to be converted. If less than all the First Preference Shares, Series A represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate for the First Preference Shares, Series A representing the shares comprised in the certificate or certificates surrendered as aforesaid which are not to be converted.

5.03 The holders of First Preference Shares, Series A which are converted shall not be entitled to any cash or other adjustment on account of dividends either on the First Preference Shares, Series A so converted or on the Class A shares resulting from such conversion.

5.04 On any conversion of First Preference Shares, Series A the share certificates for Class A shares of the Company resulting therefrom shall be issued in the name of the registered holder of the First Preference Shares, Series A converted, or in such name or names as such registered holder may direct in writing, provided that such registered holder shall pay any applicable stock transfer taxes.

5.05 The right of a holder of First Preference Shares, Series A to convert the same into Class A shares shall be deemed to have been exercised and the registered holders of First Preference Shares, Series A to be converted (or any person or persons in whose name or names any such registered holder of First Preference Shares, Series A shall have directed certificates representing Class A shares to be issued as provided in clause 5.04 hereof) shall be deemed to have become holders of Class A shares of record of the Company for all purposes on the respective dates of presentation and surrender of certificates representing the First Preference Shares, Series A to be converted accompanied by notice thereof as aforesaid, notwithstanding any delay in the delivery of certificates representing the Class A shares into which such First Preference Shares, Series A have been converted; but should any certificates representing First Preference Shares, Series A be duly surrendered for conversion during a period when the Class A share transfer registers are closed, the registered holders thereof (or other person or persons as aforesaid) shall be deemed to have become holders of Class A shares of record immediately upon the re-opening of such transfer registers.

5.06 In the event of (i) any decrease in the number of Class A shares or Class B shares from time to time outstanding due to consolidation thereof, (ii) any increase in the number of Class A shares or Class B shares due to subdivision thereof or to any stock dividend paid in Class A shares or Class B shares, (iii) any decrease or increase in the number of or change in the Class A shares or Class B shares due to any exchange whereby the Company issues shares for its outstanding Class A shares or Class B shares, (iv) the issue by the Company of Class A shares or Class B shares (other than to employees of the Company or any Subsidiary on the exercise of stock options) for a consideration per share other than the then current conversion price at which First Preference Shares, Series A may be converted, (v) the issue by the Company of subscription warrants or other rights to purchase Class A shares or Class B shares for a consideration per share less than the then current conversion price at which First Preference Shares, Series A may be converted, or (vi) the issue of securities of the Company (other than Class A shares) which contain a right of conversion into Class A shares or Class B shares for a consideration per share less than the then current conversion price at which First Preference Shares, Series A may be converted; then in each such event the conversion privilege of the holders of the First Preference Shares, Series A shall as a result thereof and without further act or formality be appropriately and proportionately adjusted; provided that (a) in the case of the events specified in (iv) above no such adjustment of the conversion privilege shall increase the conversion price after such adjustment to a price greater than the conversion price for the conversion basis set out in clause 5.01 hereof, (b) no such adjustment shall be given effect to unless it shall result in increasing or decreasing by at least one-quarter of a Class A share the number of Class A shares into which each First Preference Share, Series A is convertible following such adjustment, and (c) any such adjustment shall be given effect to only in multiples of one-quarter of a Class A share to the nearest quarter of a Class A share. In the event of the issuance by the Company of subscription warrants or other rights to purchase Class A shares or Class B shares as aforesaid or the issuance by the Company of securities of the Company (other than Class A shares) which contain a right of conversion into Class A shares or Class B shares as aforesaid such adjustment shall be made at the time of such issuance. The "conversion price" per Class A share, as such term is used in this section 5.06, means at any particular time the amount in lawful money of Canada obtained by dividing \$50 by the number of whole Class A shares and fractions thereof into which a First Preference Share, Series A is convertible at such particular time. If and whenever any such adjustment in the conversion privilege shall occur, the Company shall forthwith file with its transfer agent or agents a certificate signed by either its President or a Vice-President and either its Secretary or an Assistant Secretary setting forth the details of such adjustment. No such transfer agent shall be under any duty to make any investigation or inquiry as to the statements contained in any such certificate or the manner in which any adjustment of the conversion privilege was made, but such transfer agent may accept such certificate as conclusive evidence of the statements therein contained and shall be fully protected with respect to any and all acts done or actions taken by it in reliance thereon. If any question shall at any time arise with respect to the basis of conversion or with respect to any other matter related to adjustments of the conversion privilege as aforesaid, such question shall be conclusively determined by the auditors of the Company and any such determination shall be binding upon the Company and all transfer agents and all shareholders of the Company.

5.07 The Company shall not issue fractional shares upon any conversion but any holder who would otherwise be entitled to a fractional share resultant upon such conversion shall be entitled to receive in respect thereof one Class A share upon paying to the Company in cash at the time of such conversion the amount by which the conversion price of one Class A share shall exceed the value of such fractional share expressed as a pro rated portion of said conversion price calculated as provided in clause 5.06 hereof, provided that any such holder who shall not have paid the Company cash at the time of conversion as aforesaid shall be conclusively deemed to have abandoned all right and property in respect of the fractional share to which he would otherwise be entitled.

5.08 The Company shall give at least 10 days' notice to all stock exchanges on which shares of the Company are listed (i) of the record date for any dividend payments on its Class A shares, (ii) of the record date of any issue to its shareholders pro rata of rights to subscribe for additional shares, (iii) before making any repayment of capital on its Class A shares, and (iv) of any meeting of the holders of Class A shares called for the purpose of amending the provisions relating to the Class A shares or the Class B shares.

5.09 All shares resulting from any conversion of First Preference Shares, Series A into Class A shares shall be deemed to be fully paid and non-assessable. Nothing herein contained shall affect or restrict the right of the Company to increase the number of its Class A shares or Class B shares in accordance with the provisions of The Companies Act, and to issue such shares from time to time.

6.00 No Pre-emptive Rights

6.01 No holder of First Preference Shares, Series A shall be entitled as of right to subscribe for or purchase any bonds, debentures, shares or other securities of the Company now or hereafter authorized.

7.00 Restrictions While First Preference Shares, Series A Outstanding

7.01 So long as any of the First Preference Shares, Series A are outstanding the Company shall not:

- (a) permit any Subsidiary to incur any Funded Obligations, except to or of the Company or to a trustee in support of a guarantee of indebtedness of the Company;
- (b) dispose of any Funded Obligations of a Subsidiary;
- (c) permit any Subsidiary to issue or sell any additional shares of such Subsidiary except to the Company or to another Subsidiary;
- (d) dispose of any shares of a Subsidiary, except to another Subsidiary, unless all shares of such Subsidiary owned directly or indirectly by the Company and all other Subsidiaries are disposed of at the same time by sale for cash (or partly cash and partly a first pledge of such shares) or in exchange for fixed assets or in exchange for shares of a company which thereupon becomes a Subsidiary, or any combination thereof;
- (e) permit any Subsidiary to dispose of any shares of another Subsidiary, except to the Company or to another Subsidiary, unless all shares of such Subsidiary owned directly or indirectly by the Company and all other Subsidiaries are disposed of at the same time by sale for cash (or partly cash and partly a first pledge of such shares) or in exchange for fixed assets or in exchange for shares of a company which thereupon becomes a Subsidiary, or any combination thereof;
- (f) voluntarily wind-up its affairs, surrender its charter, sell, lease or otherwise dispose of its assets and undertaking as an entirety or substantially as an entirety or take any other step with a view to the discontinuance of its undertaking unless contemporaneously therewith the Company shall make adequate provision for the immediate retirement of all the outstanding First Preference Shares, Series A;
- (g) permit any Subsidiary to sell, lease or otherwise dispose of its assets and undertaking as an entirety or substantially as an entirety, except to the Company or to another Subsidiary, unless sold, leased or disposed of for cash (or partly cash and partly mortgage or mortgages of the property sold) or in exchange for fixed assets or in exchange for shares of a company which thereupon becomes a Subsidiary, or any combination thereof;

- (h) make any payment or distribution to its shareholders or any of them by way of dividend in cash or in specie or by way of purchase, redemption or decrease of issued capital and will not permit any Subsidiary to make any payment or distribution to its shareholders by way of purchase, redemption or decrease of issued capital except to the Company or to another Subsidiary unless at the date of authorization by the directors of such payment or distribution, if such payment or distribution is made within 60 days thereafter, or at the date such payment or distribution is made if it is made without prior authorization by the directors or more than 60 days after the date of such authorization, Consolidated Equity (on the basis of a consolidation of the accounts of the Company and all other corporations which are Subsidiaries at such date) will be an amount in excess of \$2,500,000, after giving effect to such payment or distribution; provided that the prohibition of this clause 7.01 (h) shall not apply to (i) the declaration or payment of cumulative preference dividends, (ii) the declaration, payment or distribution of stock dividends or (iii) any payment or distribution by the Company by way of purchase, redemption or decrease of issued capital of the Company if made out of the proceeds of an issue of shares by the Company ranking junior to the First Preference Shares, Series A and made concurrently with or prior to such purchase, redemption or decrease;
- (i) increase the authorized amount of First Preference Shares or create or issue any shares ranking in priority to the First Preference Shares, Series A;
- (j) issue any shares ranking on a parity with the First Preference Shares, Series A unless Consolidated Net Earnings, for any 12 consecutive calendar months selected by the Company of the 18 calendar months next preceding the date of issue of such additional shares, shall have been at least three times maximum annual dividend requirements of all First Preference Shares, Series A and other shares of the Company (if any) ranking in priority thereto or on a parity therewith and any preference shares of a Subsidiary not held by the Company or by another Subsidiary which will be outstanding after the issue of the shares proposed to be issued to rank on a parity with the First Preference Shares, Series A, provided that any of such shares which have been duly called for redemption and for the redemption whereof adequate provision has been made assuring that they will be redeemed within 45 days after the issue of such shares ranking on a parity with the First Preference Shares, Series A shall not be considered to be outstanding for the purpose of this clause 7.01 (j);

7.02 Nothing in clauses 1.03 or 7.01 hereof shall apply to, hinder or prevent any of the actions referred to in such clauses if the same shall have been authorized by the holders of the First Preference Shares, Series A in the manner hereinafter specified or if all the outstanding First Preference Shares, Series A have been duly called for redemption and adequate provision has been made assuring that they will be redeemed on or before the date specified for redemption.

8.00 **Voting Rights**

8.01 The voting rights carried by the First Preference Shares, Series A are as conferred upon the First Preference Shares as a class of which class the First Preference Shares, Series A form a part.

9.00 **Definitions**

In these provisions relating to the First Preference Shares, Series A, the following terms shall have the following respective meanings:

9.01 "Subsidiary" means any corporation of which the Company and or one or more Subsidiaries owns or own (i) such number of shares of such class or classes (other than preference shares) of the shares of such corporation as entitles it or them to receive, on any distribution of the assets of such corporation among its shareholders for the purpose of winding-up its affairs, not less than 80% of the amount to be distributed after deduction of the aggregate amount distributable to the holders of preference shares, if any, and (ii) such number of the shares of such corporation as entitles it or them to cast at least 80% of the votes at any general meeting of shareholders of such corporation excluding any votes attached to shares the holders of which acquire the right to such votes only upon the hap-

pening of a particular event or particular events and which voting right is subject to termination upon the happening of another particular event or other particular events.

9.02 "preference shares" means such shares of a corporation as have attached thereto provisions whereby the aggregate amount payable or distributable thereon upon their redemption, purchase for cancellation or other retirement or upon any distribution of the assets of such corporation among its shareholders for the purpose of winding-up its affairs is restricted to an amount not exceeding the aggregate of the amount paid up on such shares or the par value thereof and an amount by way of premium fixed or determinable by reference to such paid-up amount or par value and an amount representing or equivalent to the accrued or accruing dividends on such shares.

9.03 "Funded Obligations" means any indebtedness, whether secured or unsecured, incurred by the Company and/or any one or more Subsidiaries by way of creation, issue, guarantee, assumption or otherwise which is not payable on demand and the due date of payment of which, including any right of extension or renewal, is 18 months or more after the date on which incurred, but does not include Purchase Money Obligations.

9.04 "Purchase Money Obligations" means any indebtedness incurred by the Company and/or any one or more Subsidiaries by way of creation, issue, guarantee, assumption or otherwise to provide at the time of acquisition the whole or any part of the consideration for the acquisition of lands, buildings, plant, and machinery or equipment of a fixed or permanent or other capital nature by the Company or any Subsidiary, and any renewal, refunding or extension of any such indebtedness not in excess of the principal amount thereof remaining unpaid immediately prior to such renewal, refunding or extension.

9.05 "Consolidated Net Earnings" for any specified period of 12 months means the aggregate excess during such period of 12 months, of (i) the gross operating revenues of the Company and of those corporations which will be Subsidiaries immediately after the issue of the shares ranking on a parity with the First Preference Shares, Series A in respect of which issue the computation is being made, dividends received in cash from other companies, and interest, revenues and other income derived from all sources (exclusive of profits on the disposal of fixed assets and investments and similar non-recurring items in excess of \$15,000 in the aggregate in such period)—over—(ii) all operating, selling and administration expenses of every character (exclusive of losses on the disposal of fixed assets and investments and similar non-recurring items in excess of \$15,000 in the aggregate in such period, and exclusive of amortization of debt premium, discount and expense, and any charges made against earnings for the purpose of amortizing the book value of intangible assets), including, but without limiting the generality of the foregoing, insurance premiums, interest, rentals, fees, provisions for normal depreciation, depletion and for bad and doubtful accounts, contributions to employees' profit sharing and retirement funds and/or other pension funds and provision for taxes (including income and profits taxes making any appropriate reduction in respect of capital cost allowances claimed in excess of recorded depreciation); all as determined on a consolidated basis except that allowance for minority interests shall only be in respect of minority interests of shareholders other than the holders of preference shares; and reported upon by the auditors of the Company without adverse qualification which in the opinion of the auditors is material; provided that if the Company and/or any one or more of its Subsidiaries shall have acquired, within or after the period of 12 months for which Consolidated Net Earnings is being determined but prior to or concurrently with the issue of shares ranking on a parity with the First Preference Shares, Series A in respect of which such determination is being made: (i) properties which within such period were used or operated in a business similar to that in which they are or are to be used or operated by the Company and/or such Subsidiary or Subsidiaries; or (ii) any business by way of acquisition of assets; then the earnings of such properties or of such business, as the case may be, for the whole of such period of 12 months may be included as if such properties had been owned by the Company and/or such Subsidiary and/or Subsidiaries during the whole of such period or as if such business had been acquired prior to the commencement of such period, as the case may be.

9.06 "Consolidated Equity" means the aggregate of the paid-up capital of all shares ranking junior to the First Preference Shares, Series A, contributed surplus and earned surplus (including reserves constituting in the opinion of the Company's auditors a voluntary segregation of surplus and including any deferred credit in respect of, or any provision for, deferred taxes on income but excluding any surplus resulting from an appraisal or other valuation of property or other assets not reflected in the books of the Company and its Subsidiaries as at September 30, 1963 to an amount in excess of the cost of such property or other assets less normal depreciation to the time of such appraisal or other valuation) of the Company and its Subsidiaries, determined on a consolidated basis in accordance with generally accepted accounting principles.

9.07 The words "in priority to", "on a parity with" and "junior to" or words of like implication have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company whether voluntary or involuntary.

9.08 The words "accrued and unpaid dividends" mean an amount computed at the rate of dividends attaching to the First Preference Shares, Series A as though dividends on such shares had been accruing on a day to day basis from February 4, 1964 to the date to which the computation of accrued dividends is to be made, after deducting all dividend payments made on such shares.

10.00 Certain Computations

10.01 Any determination of Consolidated Net Earnings having been made and reported upon by the Company's auditors in accordance with the provisions of clause 9.05 hereof shall be conclusive and binding for all purposes of the provisions relating to the First Preference Shares, Series A.

10.02 For the purpose of determining Consolidated Equity for the purpose of clause 7.01 (h) hereof, the Treasurer, Comptroller or other senior financial officer of the Company shall compute the same from the books or other financial records of the Company and its Subsidiaries and shall make a report to the directors of the Company of the amount thereof, which amount shall be computed as at a date not more than 90 days prior to the date of the action requiring determination thereof and shall be adjusted to give effect to the proposed action and shall take into account any substantial changes therein from the date as at which such computation is made to the date of such computation, and it shall not be necessary to have a report by the Company's auditors on any such computation. Any such computation may determine Consolidated Equity to be not less than a stated amount without determining the exact amount thereof. Any such computation having been so made, Consolidated Equity as at the date of the action requiring determination thereof shall be conclusively deemed to be not less than the stated amount thereof in the latest computation thereof so made prior to such date and such computation shall be conclusive and binding for all purposes of the provisions relating to the First Preference Shares, Series A.

11.00 Authorization of Holders of First Preference Shares, Series A

11.01 Any authorization to be given by the holders of First Preference Shares, Series A hereunder (in addition to or as distinct from any vote or authorization required by The Companies Act) shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a special meeting of the holders of the First Preference Shares, Series A duly called and held upon not less than 21 days' notice at which the holders of at least a majority of the outstanding First Preference Shares, Series A are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds of the First Preference Shares, Series A represented and voted at such meeting cast on a poll; if at any such meeting the holders of a majority of the outstanding First Preference Shares, Series A are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than 14 days thereafter and to such time and place as may be designated by the chairman of the meeting and not less than 10 days' written notice shall be given of such adjourned meeting; at such adjourned meeting the holders of First Preference Shares, Series A present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the

affirmative vote of the holders of not less than two-thirds of the First Preference Shares, Series A represented at such meeting cast on a poll shall constitute the authorization of the holders of the First Preference Shares, Series A referred to above; on any poll taken at any such meeting or adjourned meeting, every holder of First Preference Shares, Series A shall be entitled to one vote in respect of each First Preference Share, Series A held. Subject to the foregoing, the formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders.

11.02 The authorization required by section 69 of The Companies Act may be given by at least two-thirds of the votes cast at a meeting of the holders of the First Preference Shares, Series A duly called for that purpose.

Class A Shares and Class B Shares

A description of the respective rights to dividends, rights on liquidation or distribution of assets and voting rights of the Class A shares and of the Class B shares is as follows:

1.00 Dividends

1.01 No dividend shall be declared or paid on the Class A shares or on the Class B shares until the board of directors shall by resolution have fixed for the Company a dividend year as defined in clause 1.02 hereof.

1.02 "Dividend year" shall mean the 12 month period commencing on such date as the board of directors shall have fixed pursuant to clause 1.01 hereof and each successive 12 month period thereafter.

1.03 Subject as in this clause 1.03 hereinafter provided, the holders of Class A shares shall be entitled to receive and the Company shall pay, as and when duly declared by the board of directors of the Company out of moneys of the Company properly applicable to the payment of dividends, non-cumulative preferential cash dividends aggregating 56 cents per share in each dividend year. Such dividends on the Class A shares (hereinafter sometimes called the "56 cent preferential dividend") shall be non-cumulative whether or not there shall be moneys of the Company properly applicable to the payment thereof, and if in any dividend year the 56 cent preferential dividend shall not have been declared on all the Class A shares outstanding at the end of such dividend year, then the rights of the holders of such Class A shares to preferential dividends for such dividend year, or to any greater dividends than the dividend or dividends actually declared, shall be forever extinguished. At any time or times when a dividend forming all or part of the 56 cent preferential dividend is being declared or paid or set apart for payment on the Class A shares, a cash dividend shall be declared or paid or set apart for payment, as the case may be, on the Class B shares in an amount equal, on a per share basis, to one-tenth of the amount so being declared or paid or set apart for payment, as the case may be, on the Class A shares. Any dividends declared on the Class A shares or on the Class B shares pursuant to the provisions of this clause 1.03 shall be payable to the holders of the Class A shares and the Class B shares of record on the same date.

1.04 Subject to the provisions of clause 1.05 hereof, whenever in any dividend year (i) the 56 cent preferential dividend shall have been declared and paid or set apart for payment on each Class A share which was outstanding during the whole of such dividend year and (ii) a cash dividend or dividends aggregating 5.6 cents shall have been declared and paid or set apart for payment on each Class B share which was outstanding during the whole of such dividend year, the board of directors of the Company may declare in such dividend year cash dividends on the Class B shares of the Company in amounts aggregating up to 50.4 cents per share and pay such dividends out of moneys of the Company properly applicable to the payment of dividends. If in any dividend year a cash dividend or cash dividends on the Class B shares aggregating 56 cents per share shall not be declared then the holders thereof shall have no rights to dividends for such dividend year or to any greater dividends than the dividend or dividends actually declared.

1.05 No dividend other than the cash dividend or dividends referred to in clause 1.03 hereof shall be paid or set apart for payment in any dividend year upon the Class B shares of the Company until the 56 cent preferential dividend for such dividend year shall have been declared and paid or set apart for payment on each Class A share which was outstanding during the whole of such dividend year.

1.06 No dividend shall be paid or set apart for payment in any dividend year upon the Class A shares of the Company other than the 56 cent preferential dividend for such dividend year unless cash dividends aggregating 56 cents per share shall have been declared and paid or set apart for payment on each Class B share which was outstanding during the whole of such dividend year.

1.07 Whenever in any dividend year (i) the 56 cent preferential dividend shall have been declared and paid or set apart for payment on each Class A share which was outstanding during the whole of such dividend year and (ii) cash dividends aggregating 56 cents per share shall have been declared and paid or set apart for payment on each Class B share which was outstanding during the whole of such dividend year, then any and all additional dividends declared on the Class A shares or Class B shares in such dividend year shall be declared and paid or set apart for payment on all outstanding Class A shares and Class B shares equally on a share for share basis, without preference or distinction.

1.08 All dividends declared on Class A shares or Class B shares shall be payable at such times and in such amounts and at such place or places as the board of directors may from time to time determine and all cash dividends shall be paid by cheque payable at par at any branch in Canada of the Company's principal bankers for the time being for the amount thereof, less any amount required to be deducted by law, and payment in such manner shall satisfy such dividends. Dividends shall be paid to holders of Class A shares and Class B shares of record on such day preceding the day fixed for payment of each dividend as may be determined by the board of directors of the Company.

2.00 Liquidation

2.01 Each Class A share and each Class B share shall participate equally on a share for share basis without preference or distinction in the assets of the Company on the liquidation, dissolution or winding-up of the Company or other distribution of assets of the Company among shareholders for the purpose of winding-up its affairs or reducing its Class A share or Class B share paid-up capital.

3.00 Voting Rights

3.01 The holders of Class A shares and the holders of Class B shares shall be entitled to one vote for each Class A share and for each Class B share held by them at all general meetings of shareholders of the Company.

4.00 Subdivision or Consolidation

4.01 No Class A shares shall be subdivided or consolidated unless authorized by the holders of the Class A shares and the holders of the Class B shares as specified in clauses 7.02 and 7.03 hereof (in addition to any vote or authorization required by The Companies Act) and contemporaneously with such subdivision or consolidation the Class B shares are subdivided or consolidated, as the case may be, on the same basis share for share and conversely no Class B shares shall be subdivided or consolidated unless authorized as in this clause 4.00 hereinbefore provided and contemporaneously with such subdivision or consolidation the Class A shares are subdivided or consolidated, as the case may be, on the same basis share for share.

5.00 Conversion of Class B Shares into Class A Shares

5.01 In each dividend year after the end of the fifth dividend year up to 55,600 Class B shares, to be selected as set out in clause 5.02 hereof, may be converted on a share for share basis into Class A shares provided (i) the 56 cent preferential dividend shall have been paid on each Class A

share which was outstanding during the whole of each of the five preceding dividend years; and (ii) the adjusted earnings for the most recently completed fiscal year of the Company and the average of adjusted earnings for the three most recently completed fiscal years of the Company, both calculated as set out in clause 5.03 hereof, exceeded \$1.25 with respect to each Class A share to be included in such calculation.

5.02 Within sixty days after the end of the fifth dividend year and within sixty days after the end of each succeeding dividend year in which there are Class B shares outstanding, the Company shall notify each holder of Class B shares by prepaid registered mail (i) of the number of Class B shares which may be converted into Class A shares in the then current dividend year as permitted by clause 5.01 hereof, (ii) of such holder's pro rata number of Class B shares which are eligible for conversion, and (iii) to advise the Company by the conversion date stated in such notice, which shall not be less than ten days nor more than 20 days from the date of mailing of such notice, whether or not such holder wishes to have converted into Class A shares his pro rata number of Class B shares which are eligible for conversion and also whether or not such holder wishes to have any additional Class B shares held by such holder so converted in the event that any other holders of Class B shares fail to exercise their pro rata conversion right. In the event that any holders of Class B shares fail to exercise their pro rata conversion right, the holders of Class B shares who have exercised their pro rata conversion right and who have advised the Company that they wish to convert additional Class B shares, may have additional Class B shares held by them converted into Class A shares on a pro rata basis, provided, however, that the total number of Class B shares converted in any dividend year shall not exceed 55,600. Any advice by a holder of Class B shares to the effect that he wishes to have his pro rata number of Class B shares converted shall only be valid if accompanied by a certificate or certificates representing in the aggregate a number of Class B shares not less than the pro rata number of Class B shares such holder is entitled to have converted. Any advice by the holder of Class B shares to the effect that he wishes to have additional Class B shares converted into Class A shares shall only be valid if accompanied by a certificate or certificates, representing in the aggregate a number of Class B shares not less than the pro rata number of Class B shares such holder is entitled to have converted and the number of additional Class B shares which such holder may be entitled to have converted. On any conversion of Class B shares, certificates representing the number of Class A shares resulting therefrom shall be issued in the name of the registered holder of the Class B shares converted, or in such name or names as such registered holder may direct in writing, provided that such registered holder shall pay any applicable stock transfer taxes. If a certificate or certificates representing a greater number of Class B shares than are converted into Class A shares are received by the Company then a certificate or certificates representing the number of Class B shares which were not so converted shall be issued in the name of the registered holder of the Class B shares not converted, or in such name or names as such registered holder may direct in writing, provided that such registered holder shall pay any applicable stock transfer taxes.

5.03 For the purposes of clause 5.01 hereof (i) the adjusted earnings for the most recently completed fiscal year of the Company with respect to each Class A share shall be that amount which results from dividing consolidated net earnings, as defined in clause 5.04 hereof, for the most recently completed fiscal year of 12 months by the aggregate of the number of Class A shares which are outstanding at the end of the dividend year preceding the date of notification by the Company under clause 5.02 hereof, the maximum number of Class A shares which could become outstanding on the conversion of all convertible securities of the Company ranking in priority to the Class A shares and on the exercise of all warrants or options (other than options issued under employee stock option plans) to purchase Class A shares, and of the maximum number of Class A shares which could become outstanding in such dividend year pursuant to the conversion right attaching to the Class B shares, and (ii) the average of adjusted earnings for the three most recently completed fiscal years of the Company with respect to each Class A share shall be that amount which results from dividing the aggregate of consolidated net earnings, as defined in clause 5.04 hereof, for the three most recently completed fiscal years of the Company of 12 months each by three times the aggregate of the number of Class A shares which are outstanding at the end of the dividend year preceding the date of notifica-

tion by the Company under clause 5.02 hereof, the maximum number of Class A shares which could become outstanding on the conversion of all convertible securities of the Company ranking in priority to the Class A shares and on the exercise of all warrants or options (other than options issued under employee stock option plans) to purchase Class A shares, and of the maximum number of Class A shares which could become outstanding in such dividend year pursuant to the conversion right attaching to the Class B shares.

5.04 "Consolidated net earnings" for any fiscal year means the aggregate excess during such fiscal year, of (i) the gross operating revenues of the Company and of those corporations which are subsidiaries at the end of the dividend year preceding the date of notification by the Company under clause 5.02 hereof, dividends received in cash from other companies, and interest, revenues and other income derived from all sources (exclusive of profits on the disposal of fixed assets and investments and similar non-recurring items in excess of \$15,000 in the aggregate in such fiscal year)—over—(ii) all operating, selling and administrative expenses of every character (exclusive of losses on the disposal of fixed assets and investments and similar non-recurring items in excess of \$15,000 in the aggregate in such fiscal year, and exclusive of amortization of debt premium, discount and expense, and any other charges made against earnings for the purpose of amortizing the book value of intangible assets), including, but without limiting the generality of the foregoing, insurance premiums, interest, rentals, fees, provisions for normal depreciation, depletion and for bad and doubtful accounts, contributions to employees' profit sharing and retirement funds and/or other pension funds, provision for taxes (including income and profits taxes making any appropriate reduction in respect of capital cost allowances claimed in excess of recorded depreciation) and dividends paid or accrued on any shares of the Company ranking in priority to the Class A shares which are not convertible into Class A shares; all as determined on a consolidated basis with due allowance for minority interests; and reported upon by the auditors of the Company without, in their opinion, material adverse qualification; provided that if the Company and/or any one or more of its subsidiaries shall have acquired, within or after the fiscal year for which consolidated net earnings are being determined but prior to the end of the dividend year preceding the date of notification by the Company under clause 5.02 hereof: (i) properties which within such fiscal year were used or operated in a business similar to that in which they are or are to be used or operated by the Company and/or such subsidiary or subsidiaries; or (ii) any business by way of acquisition of assets; then the earnings of such properties or of such business, as the case may be, for the whole of such fiscal year may be included as if such properties had been owned by the Company and/or such subsidiary and/or subsidiaries during the whole of such fiscal year or as if such business had been acquired prior to the commencement of such fiscal year, as the case may be.

5.05 "Subsidiary" means any corporation of which the Company and/or one or more subsidiaries owns or own (i) such number of shares of such class or classes (other than preference shares) of the shares of such corporation as entitles it or them to receive, on any distribution of the assets of such corporation among its shareholders for the purpose of winding-up its affairs, not less than 80% of the amount to be distributed after deduction of the aggregate amount distributable to the holders of preference shares, if any, and (ii) such number of the shares of such corporation as entitles it or them to cast at least 80% of the votes at any general meeting of shareholders of such corporation excluding any votes attached to shares the holders of which acquire the right to such votes only upon the happening of a particular event or particular events and which voting right is subject to termination upon the happening of another particular event or other particular events.

5.06 "Preference shares" means such shares of a corporation as have attached thereto provisions whereby the aggregate amount payable or distributable thereon upon their redemption, purchase for cancellation or other retirement or upon any distribution of the assets of such corporation among its shareholders for the purpose of winding-up its affairs is restricted to an amount not exceeding the aggregate of the amount paid up on such shares or the par value thereof and an amount by way of premium fixed or determinable by reference to such paid up amount or par value and an amount representing or equivalent to the accrued or accruing dividends on such shares.

5.07 The right of a holder of Class B shares to convert the same into Class A shares shall be deemed to have been exercised and the registered holders of Class B shares to be converted (or any person or persons in whose name or names any such registered holder of Class B shares shall have directed certificates representing Class A shares to be issued as provided in clause 5.02 hereof) shall be deemed to have become holders of Class A shares of record of the Company for all purposes on the conversion date referred to in clause 5.02 hereof provided the appropriate advice has been received by and the appropriate certificates representing Class B shares have been surrendered to the Company as provided in clause 5.02 hereof, notwithstanding any delay in the delivery of certificates representing the Class A shares into which such Class B shares have been converted; but should the Class A share transfer registers be closed on any such conversion date, the registered holders thereof (or other person or persons as aforesaid) shall be deemed to become holders of Class A shares of record immediately upon the re-opening of such transfer registers.

5.08 The Company shall not issue any Class A shares which will result in the unissued Class A shares being insufficient to fulfill the conversion privilege of holders of the Class B shares.

5.09 "in priority to" has reference to the order of priority in payment of dividends or in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company or other distribution of assets among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary.

6.00 *No Pre-emptive Rights*

No holder of Class A shares or Class B shares shall be entitled as of right to subscribe for or purchase any bonds, debentures, shares or other securities of the Company now or hereafter authorized.

7.00 *Amendment with Authorization of Holders of Class A Shares and of Class B Shares*

7.01 The provisions contained in sections 1.00 to 7.00 inclusive may be deleted, varied, modified, amended or amplified by supplementary letters patent but only with the authorization of the holders of Class A shares who do not control, directly or indirectly, any Class B shares as specified in clause 7.02 hereof and with the authorization of the holders of the Class B shares as specified in clause 7.03 hereof in addition to any vote or authorization required by The Companies Act.

7.02 Any authorization to be given by the holders of Class A shares who do not control, directly or indirectly, any Class B shares (hereinafter called "independent" holders of Class A shares) under clause 7.01 hereof shall be deemed to have been sufficiently given if it shall have been given by resolution passed at a special meeting of such independent holders of Class A shares duly called and held upon not less than 21 days' notice at which the holders of at least a majority of the outstanding Class A shares held by independent holders thereof are present in person or represented by proxy and carried by the affirmative vote of the independent holders of not less than two-thirds of the Class A shares represented and voted at such meeting cast on a poll; if at any such meeting the holders of a majority of the outstanding Class A shares held by independent holders thereof are not present or represented by proxy within one-half hour after the time appointed for the meeting, then the meeting shall be adjourned to such date not less than 14 days thereafter and to such time and place as may be designated by the chairman of the meeting and not less than 10 days' written notice shall be given of such adjourned meeting; at such adjourned meeting the independent holders of Class A shares, present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of the independent holders of not less than two-thirds of the Class A shares represented and voted at such meeting cast on a poll shall constitute the authorization of the independent holders of Class A shares referred to above; on any poll taken at any such meeting or adjourned meeting, every independent holder of Class A shares shall be entitled to one vote in respect of each Class A share held. The chairman of such meeting shall be entitled to accept a written certification of a holder of Class A shares as evidence that the person making the same does or does not control, directly or indirectly, any Class B shares. Subject to the foregoing, the formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders.

7.03 Any authorization to be given by the holders of Class B shares under clause 7.01 hereof shall be deemed to have been sufficiently given if it shall have been given by resolution passed at a special meeting of the holders of Class B shares duly called and held upon not less than 21 days' notice at which the holders of at least a majority of the outstanding Class B shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds of the Class B shares represented and voted at such meeting cast on a poll; if at any such meeting the holders of a majority of the outstanding Class B shares are not present or represented by proxy within one-half hour after the time appointed for the meeting, then the meeting shall be adjourned to such date not less than 14 days thereafter and to such time and place as may be designated by the chairman of the meeting and not less than 10 days' written notice shall be given of such adjourned meeting; at such adjourned meeting the holders of Class B shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of the holders of not less than two-thirds of the Class B shares represented and voted at such meeting shall constitute the authorization of the holders of Class B shares as referred to above; on any poll taken at any such meeting or adjourned meeting, every holder of Class B shares shall be entitled to one vote in respect of each Class B share held. Subject to the foregoing, the formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders.

9. A subsidiary of the Company has outstanding a first mortgage in the principal amount of \$105,200, bearing interest at the rate of 6% per annum, repayable \$4,650 per month to and including October 23, 1965 and \$2,900 on November 23, 1965. The same subsidiary has outstanding a second mortgage in the principal amount of \$55,000, bearing interest at the rate of 6 $\frac{1}{2}$ % per annum repayable \$1,750 on November 23, 1965 and \$4,650 monthly thereafter to October 23, 1966 and \$2,100 on November 23, 1966. Both mortgages are secured by fixed charges on the lands and buildings at 19 Waterman Avenue, Toronto, Ontario, by chattel mortgages on the machinery, equipment and vehicles and by floating charges on the other assets of such subsidiary.

A subsidiary of the Company has outstanding a first mortgage in the principal amount of \$17,970 secured on the lands and premises known as 2 Audley Street, Toronto, Ontario. Such first mortgage bears interest at the rate of 5 $\frac{1}{2}$ % per annum, matures on July 31, 1964 and is repayable in quarterly instalments of \$5,990. The subsidiary proposes to sell such lands and premises and the mortgage will either be repaid or assumed by the purchaser.

A subsidiary of the Company has outstanding a first mortgage in the principal amount of \$13,280 secured on the lands and premises located at 11th and Richmond Avenues, Brandon, Manitoba. Such first mortgage bears interest at the rate of 5% per annum, matures on May 1, 1965, and is repayable in annual payments of \$6,640.

The Company and one of its subsidiaries are indebted to Federal Pacific Electric Company in an aggregate amount of \$832,793 which will be repaid out of the net proceeds of the sale by the Company of the 80,000 First Preference Shares, Series A offered hereby.

The Company has outstanding a note in the amount of \$2,745,600 bearing interest at the rate of 5 $\frac{1}{2}$ % per annum and repayable on demand which was incurred in connection with the acquisition of all the outstanding capital stock of FPE Canada Limited as described in paragraph 21 and 22. This note will be repaid out of the proceeds of sale of the First Preference Shares, Series A offered hereby.

The Company has outstanding a note in the amount of \$425,000, bearing interest at the rate of 5 $\frac{1}{2}$ % per annum and repayable in amounts not to exceed \$42,500 in any one year which was incurred in connection with the acquisition of all the outstanding capital stock of FPE Canada Limited as described in paragraph 21 and 22. No principal repayment may be made on such note at any time (i) if there are any arrears of dividends on any of the First Preference Shares, or (ii) if the 56 cent preferential dividend was not paid in the most recently completed dividend year of the Company on all Class A shares of the Company which were outstanding during the whole of such dividend year, or (iii) unless immediately after such repayment consolidated current assets of the Company would exceed two times the amount of

consolidated current liabilities of the Company. No interest shall be paid on such note at any time if there are any arrears in the payment of dividends as described in (i) and (ii) above.

10. There is no substantial indebtedness intended to be created or assumed by the Company which is not shown in the pro forma consolidated balance sheet of the Company dated September 30, 1963 and forming part of this prospectus, except that (i) a subsidiary of the Company proposes to create a mortgage in March or April of 1964 in the amount of about \$320,000, bearing interest at the rate of 6 $\frac{3}{4}$ % per annum, to mature in 25 years and to be repayable in amortized monthly instalments of principal and interest, with such mortgage being secured on the proposed new plant to be located on Horner Avenue in Metropolitan Toronto, Ontario and (ii) the Winnipeg plant of the Company is being expanded at an estimated cost of about \$300,000, part of which is expected to be financed by bank indebtedness.

11. No securities of the Company are covered by options outstanding or proposed to be given except as follows:

- (i) Pursuant to a resolution passed by the board of directors of the Company on January 22, 1964, options covering 20,000 Class A shares of the Company exercisable on or before January 22, 1971 at a price of \$9 per share were granted to certain officers of the Company as follows:

<u>Optionee</u>	<u>Number of Class A shares</u>
R. Noonan	7,500
B. W. Ball	7,500
D. E. Mathewson	2,500
E. W. Darby	2,500

- (ii) Reference is made to paragraph 8 hereof for the conversion privilege attaching to the First Preference Shares, Series A proposed to be issued and for the conversion privilege attaching to the Class B shares.

12. The number of securities offered by this prospectus and their correct descriptive titles and the issue price to the public of the units being offered, and the terms of such offering are as stated on the inside cover page hereof to which reference is hereby made. Reference is also made to paragraph 16 hereof.

13. The estimated net proceeds to be derived from the sale of the 80,000 First Preference Shares, Series A offered hereby on the basis of the same being fully taken up and paid for are \$4,000,000 less the commission referred to in paragraph 16 hereof. Legal, auditing, printing and other expenses in connection with the issue are estimated at \$25,000.

The 200,000 Class A shares offered hereby are being purchased from a shareholder of the Company and no proceeds of sale will be received by the Company.

14. The net proceeds of the sale by the Company of the 80,000 First Preference Shares, Series A offered hereby, namely, \$4,000,000 less the commission referred to in paragraph 16 hereof, will be used by the Company (i) to repay indebtedness in the amount of \$832,793 due to Federal Pacific, (ii) to repay indebtedness in the amount of \$2,745,600 incurred by the Company to Federal Pacific as partial consideration for the purchase of all the outstanding capital stock of FPE Canada Limited by the Company from Federal Pacific, (iii) to the extent of \$114,500 to redeem or purchase for cancellation the 1,145 currently outstanding 7% first preference shares of the par value of \$100 each of the Company, (iv) to the extent of \$122,400 to reduce current bank indebtedness incurred since September 30, 1963 in purchasing 1,224 7% first preference shares of the par value of \$100 each of the Company, and (v) to the extent of \$24,707 to pay estimated expenses in connection with the issue of the 80,000 First Preference Shares, Series A offered by this prospectus.

15. No minimum amount, in the opinion of the Directors, must be raised by the issue of the said First Preference Shares, Series A offered hereby to provide the sums required or the balance of the sums required to pay the purchase price of any property, to pay preliminary expenses or commissions payable in respect of subscription of shares of the Company, to repay loans borrowed by the Company in respect of the foregoing matters or to repay bank loans, except as indicated in paragraph 14 hereof.

16. Pursuant to an agreement dated January 22, 1964, the Company has agreed to sell and Dominion Securities Corporation Limited has agreed to purchase, as principal, 80,000 5½% Cumulative Convertible First Preference Shares, Series A in the capital stock of the Company, subject to the terms and conditions of the said agreement, at \$50 per share payable in cash against delivery of the said shares. By the said agreement, the Company has agreed to pay to Dominion Securities Corporation Limited in consideration of its subscribing for the said First Preference Shares, Series A, a commission of \$2 per share.

Pursuant to an agreement dated January 22, 1964, Federal Pacific Electric Company has agreed to sell and Dominion Securities Corporation Limited has agreed to purchase, as principal, 200,000 outstanding Class A shares in the capital stock of the Company, subject to the terms and conditions of the said agreement, at \$9.40 per share payable in cash against delivery of the said shares.

17. The by-laws of the Company contain the following provisions as to the remuneration of the Directors:

"The Directors shall be paid such remuneration, if any, as the board may from time to time determine. Any remuneration so payable to a Director who is also an officer or employee of the Company or who is counsel or solicitor to the Company or otherwise serves it in a professional capacity shall, unless the board shall otherwise determine, be in addition to his salary as such officer or employee or to his professional fees as the case may be. In addition the board may by resolution from time to time award special remuneration out of the funds of the Company to any Director who performs any special work or service for, or undertakes any special mission on behalf of, the Company outside the work or services ordinarily required of a Director of the Company. The Directors shall also be paid such sums in respect of their out-of-pocket expenses incurred in attending board, committee or shareholders' meetings or otherwise in respect of the performance by them of their duties as the board may from time to time determine. No confirmation by the shareholders of any such remuneration or payment shall be required."

The by-laws of the Company provide that no person shall be qualified to be elected as a Director of the Company unless he is a shareholder of the Company, holding at least one Class A share or one Class B share in the capital stock of the Company.

18. No remuneration was paid by the Company or by FPE Canada Limited during their last financial years ended June 30, 1963 to their Directors as such. The aggregate remuneration received by the officers of the Company and of FPE Canada Limited during the financial year ended June 30, 1963, who individually received remuneration in excess of \$10,000 per annum, was \$225,085. The aggregate remuneration estimated to be paid or payable by the Company during the current financial year of the Company to its Directors as such is \$600. The aggregate remuneration estimated to be paid or payable to those persons who are now officers of the Company and who individually may be entitled to receive not less than \$10,000 per annum, is \$215,321.

19. No amount has been paid within the two years preceding the date hereof or is payable by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company except the commission referred to in paragraph 16 hereof.

20. The Company has been carrying on business for more than one year.

21 and 22. Except for transactions entered into in the ordinary course of operations or on the general credit of the Company, and except as follows, no property has been purchased or acquired by the Company, or is proposed to be purchased or acquired, the purchase price of which has been paid within two years preceding the date hereof or is to be paid in whole or in part in securities of the Company, or the purchase or acquisition of which has not been completed at the date hereof:

(i) Pursuant to an agreement dated January 22, 1964 made between the Company, as purchaser, and Federal Pacific Electric Company, as vendor, the Company purchased, as of September 30, 1963, all of the outstanding capital stock of FPE Canada Limited from Federal Pacific Electric Company, 50 Paris Street, Newark, New Jersey for a consideration consisting of (a) \$2,745,600 in 5½% notes, repayable on demand, (b) \$425,000 in 5½% notes, repayable as described in

paragraph 9 hereof, and (c) 296,000 Class B shares of the Company for a stated value of \$99,400. At the time of the purchase all of the outstanding common stocks of the Company and of FPE Canada Limited were owned by Federal Pacific Electric Company.

- (ii) A subsidiary of the Company proposes to acquire from Olympia and York Industrial Development Associates, 15 Benton Road, Toronto, Ontario, a new plant with an aggregate floor area of 48,800 square feet located on five acres of land in the Western part of Metropolitan Toronto in March or April 1964 at a cost of about \$450,000, of which about \$320,000 is expected to be paid by the giving back of a 6 $\frac{3}{4}$ % 25-year first mortgage thereon.
23. No securities have been issued or agreed to be issued by the Company as fully or partly paid up otherwise than in cash within the two years preceding the date hereof except the Class B shares and notes referred to in paragraph 21 and 22 hereof.
24. No obligations are offered hereby.
25. No services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the First Preference Shares, Series A offered hereby except the commission referred to in paragraph 16 hereof and the legal, auditing, printing and other expenses referred to in paragraph 13 hereof, and no services have, within the two years preceding the date hereof, been paid for by securities of the Company.
26. No amount has been paid within the two years preceding the date hereof by the Company or is intended to be paid by the Company to any promoter.
27. No material contracts have been entered into within the two years preceding the date hereof other than contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company except:
- (i) the agreement dated January 22, 1964 made between the Company and Federal Pacific Electric Company described in paragraph 21 and 22 hereof; and
 - (ii) the agreement dated January 22, 1964 between the Company and Dominion Securities Corporation Limited referred to in paragraph 16 hereof.
- Copies of the said agreements may be inspected at the head office of the Company, 101 Rockman Street, Winnipeg, Manitoba, in ordinary business hours of any business day during the primary distribution of the securities offered by this prospectus.
28. The Company commenced business more than one year before the date hereof. The Company does not at present propose to acquire any property in which any Director has an interest.
29. The Company has been carrying on business for more than three years.
30. Federal Pacific Electric Company of Newark, New Jersey is in a position to elect or cause to be elected a majority of the Directors of the Company.
31. No securities of the Company are held in escrow.
32. The Company has paid cash dividends at the rate of 7% per annum on its 7% first preference shares in respect of the years 1959 to 1963, inclusive. The Company paid cash dividends at the rate of 5% per annum on its 5% second preference shares in respect of the period from January 1, 1959 to February 29, 1960, the date of redemption of such shares. The Company paid cash dividends on its common shares aggregating \$120,141 in 1959 and \$29,859 in 1960.
33. There are no other material facts not disclosed in the foregoing.

Dated: January 22, 1964.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by section 39 of The Securities Act (Ontario), by section 39 of The Securities Act (Saskatchewan), by section 13 of the Security Frauds Prevention Act (New Brunswick), by Part IX of The Securities Act, 1955 (Alberta), by the Securities Act of the Province of British Columbia and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Directors

(Signed) F. H. Roby

(Signed) R. Noonan

(Signed) B. W. Ball

(Signed) T. M. Cole

(Signed) D. E. Mathewson

(Signed) Edward W. Darby

(Signed) J. Ross LeMesurier

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by section 39 of The Securities Act (Ontario), by section 39 of The Securities Act (Saskatchewan), by section 13 of the Security Frauds Prevention Act (New Brunswick), by Part IX of The Securities Act, 1955 (Alberta), by the Securities Act of the Province of British Columbia and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

DOMINION SECURITIES CORPORATION LIMITED

By: (signed) N. D. Young

The following are the names of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Dominion Securities Corporation Limited: G. E. Phipps, S. E. Nixon, N. D. Young, J. G. K. Strathy, D. H. Ward, J. R. Clarke and A. I. Matheson.

FPE-Pioneer Electric Limited

\$4,000,000
(80,000 shares)

**5½% Cumulative Convertible
First Preference Shares, Series A**

200,000 Class A Shares

Prospectus

10.

FUNDED DEBT

Reference is made to page twenty-nine, paragraph nine, under the heading "Statutory Information" of the Company's prospectus dated January 22, 1964 for particulars regarding the Funded Debt of the Company and of its subsidiaries and controlled companies.

11.

OPTIONS, UNDERWRITINGS, ETC.

Reference is made to page thirty, paragraph eleven, under the heading "Statutory Information" of the Company's prospectus dated January 22, 1964 for particulars as to options granted to certain officers of the Company, and reference is made to paragraph eight of such Statutory Information as to the conversion privilege attaching to the First Preference Shares, Series A and for the conversion privilege attaching to the Class B shares of the Company. Other than the foregoing, there are no options, underwritings, sales agreements or other contracts or agreements of a like nature with respect to any unissued shares or any issued shares held for the benefit of the Company.

12.

LISTING ON OTHER STOCK EXCHANGES

No securities of the Company or of any of its subsidiaries or controlled companies are listed on any other stock exchange, nor has listing been suspended, withdrawn or refused.

13.

STATUS UNDER SECURITIES ACTS

Reference is made to the supporting papers accompanying this application, and in particular, the photostatic copies of letters from the following authorities and government bodies:

Ontario Securities Commission, dated January 23, 1964
Quebec Securities Commission, dated January 10, 1964
The Winnipeg Stock Exchange, dated January 27, 1964
Saskatchewan Securities Commission, dated January 28, 1964
Alberta Securities Commission, dated January 27, 1964
British Columbia Securities Commission, dated January 27, 1964
New Brunswick Board of Public Utilities, dated January 29, 1964
Registrar, Securities Commission, Nova Scotia, January 27, 1964

and to notarial certificates annexed to each of these documents stating that each letter is a true copy of the original letter.

14.

FISCAL YEAR AND ANNUAL MEETING

The Company's fiscal year ends on June 30th. The general by-laws of the Company provide that an annual meeting of the shareholders of the Company shall be held once in each year on such date as the directors of the Company may decide. The last annual meeting was held September 18, 1963.

15.

HEAD AND OTHER OFFICES

The address of the head office of the Company is 101 Rockman Street, Winnipeg, Manitoba. The executive offices of the Company are located at 19 Waterman Avenue, Toronto, Ontario.

16.

TRANSFER AGENTS

National Trust Company, Limited at Toronto, Montreal, Winnipeg and Vancouver is the transfer agent and registrar for the Class A shares of the Company. The Company, at its executive offices, 19 Waterman Avenue, Toronto, Ontario, keeps the register for its Class B shares. Canada Trust Company at Toronto, Montreal, Winnipeg and Vancouver is the transfer agent and registrar for the First Preference Shares, Series A of the Company.

17.

TRANSFER FEES

No fee is charged on stock transfers other than Government stock transfer taxes.

18.

REGISTRARS

The name and address of each registrar acting for the Company is stated in paragraph (q) hereof.

19.

AUDITORS

Price Waterhouse & Co., 232 Portage Avenue, Winnipeg, Manitoba, and 55 Yonge Street, Toronto, Ontario, are the auditors of the Company and are chartered accountants.

20.

OFFICERS AND DIRECTORS

The names in full, address and occupation, during the past five years, of each officer and director of the Company are as referred to in paragraph four, page thirteen, under the title "Statutory Information" of the Company's prospectus dated January 22, 1964.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, the applicant company hereby applies for listing the above-mentioned securities on The Toronto Stock Exchange and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

FPE-PIONEER ELECTRIC LIMITED

"R. NOONAN"

Vice-Chairman

"EDWARD W. DARBY"

Secretary and Treasurer



CERTIFICATE OF UNDERWRITER

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

DOMINION SECURITIES CORPORATION LIMITED



"J. R. LeMESURIER"

"I. C. WOOLLEY"